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AT DEADLINE

Wilshire retained

The California Public Employees' Retirement System signed on its consultant, Wilshire Associates, for another three years. Wilshire beat out six other firms for the job, which will be for general and external manager consulting.

Salomon lays off 30

Salomon Brothers Inc. has laid off about 30 employees, including a "handful" of real estate professionals, confirmed Gregory A. White, a managing director and head of Salomon's real estate finance department.

While Salomon's commitment to real estate hasn't changed "one iota," Mr. White characterized the move as a "proactive" step to curtail costs and manage resources more efficiently.

Also, Bear Stearns' real estate brokerage business has been pared from seven full-time employees to four with part-time duties in that area.

Maryland hires 2

The Maryland Supplemental Retirement Plans hired two professionals.

Moses Daniels, formerly self employed, was named financial director. Delena Woods Murphy is now director of field operations and communications. Ms. Murphy recently relocated from Florida and was not employed.

Law's impact assessed

Eight Pennsylvania corporations that opted out of all three sections of the anti-takeover/anti-shareholder law earned an average of 2.3% more than the Standard & Poor's 500 Stock Index for the five days surrounding the announcement of the opt-out.

A new study by Wilshire Associates concludes the law reduced share prices of affected Pennsylvania companies by four percentage points vs. what they would have been if the law were not enacted.

Marketer shifts jobs

Equitable Capital Management has hired Stephen Brennan to serve as a vice president with the firm's pension marketing team, said Joseph Briggs, senior managing director and head of the pension markets group. Mr. Brennan, formerly with Siebel Capital Management, will focus on public plans and will report to Mr. Briggs.

Hospital taps 4 firms

Magee-Womens Hospital in Pittsburgh hired four managers for part of its $26 million funded depreciation account. Hired were: C.S. McKee & Co. Inc., for $5.5 million in fixed income; American Hospital Association Investment Funds Inc., for $2.5 million in fixed income; GAMCO Investors Inc., for $5.5 million in equities; and Mellon Capital Management, $2.5 million in equities. Assets had been managed internally.

Suit threatens leveraged ESOPs

Says 'cash drain' must be considered

By Joel Chernoff

WASHINGTON — The Department of Labor has fired another torpedo at leveraged employee stock ownership plans.

The torpedo that could sink leveraged ESOPs — at least of privately held companies, according to plan proponents — is a lawsuit in which the Labor Department argues plan fiduciaries must take into account the "cash drain" on corporate finances caused by expected contributions to the ESOP. If they fail to do so, the ESOP might be paying too high a price for company stock, the Labor Department contends.

If successfully litigated, this stance would drive down valuations of employer stock purchased by leveraged ESOPs where there is no public market for the stock, making it unlikely anyone ever would sell a majority holding to an ESOP, experts charged.

Less clear, however, is how the department's position will affect ESOPs in publicly held companies. Some experts believe the department's stance would torpedo leveraged ESOPs that have a majority stake in publicly held companies, including the pending UAL Inc. deal.

Marc Machiz, an associate solicitor at the Labor Department, declined to discuss the potential impact on publicly held companies.

The lawsuit, involving a small Rhode Island company, has outraged the ESOP community.

"This is about as far out in left field as the Department of Labor has been in a long time," said Rick Braun, managing director at Houlihan, Lokey Howard & Zukin Inc., a Los Angeles valuation firm.

The department's position "basically means the death of leveraged ESOPs," he said.

David Binns, executive director of the ESOP Association, Washington, added: "People are upset about this with a capital U."

The department's complaint contained only a rough outline of the events, causing attorneys to scurry to find out more information. But this much is clear: the Labor Department has marked this as a major case. At a recent American Bar Association meeting, Robert Davis, the solicitor of labor, made numerous comments about the lawsuit, lawyers said.

The case is the second major ESOP lawsuit filed by the department in recent months. In December, the department filed suit in a case involving the Kroy Inc. ESOP; the government alleged the ESOP overpaid for its shares compared with other investors in the December 1986 leveraged buy-out of the Scottsdale, Ariz., lettering equipment manufacturer (*Pensions & Investments*, July 9).

The latest case, however, does not involve a multi-investor situation, but rather the sale of 80% of the company's stock from the estate of Simon Wardwell, a deceased shareholder of Wardwell Braiding Machine Co. of Central Falls, R.I.

On Dec. 19, 1985, the estate sold 2,600 shares of Wardwell Braiding's stock to the newly created ESOP for $5.46 million. In a mirror transaction, Fleet National Bank made a 10-year loan of $5.4 million to Wardwell Braiding, which in turn advanced that sum to the ESOP as well as contributing $60,000 in cash.

According to the ESOP's 1985 annual report filed with the Labor Department, the stock was valued at only $4.16 million by the end of the year — less than two weeks later.

While the ESOP's value had appreciated to $5.83 million by the end of 1988, the fact the stock was devalued immediately after the transaction led to the Labor Department's lawsuit.

The complaint was filed July

See **ESOPs** *on page 59*

Bond portfolios sprout stocks

Home Shopping Network was ordered by a judge to issue stock to its debtholders.

By Marlene Givant Star

The Aug. 21 restructuring of Interco Inc. and ongoing workouts of more than 12 other highly leveraged companies are turning bondholders to stockholders overnight whether they like it or not.

Public bondholders are beginning to grapple with managing a mounting stockpile of equities. While equity holdings now might total only 5% of a bond portfolio, investment bankers and workout experts say the proportion of equities will soar in the next two years.

Some bondholders are acting as "debt raiders" and systematically amassing bonds of distressed companies with the goal of taking the companies over. But more often, as in Interco's situation, public bondholders end up receiving equity stakes as companies default and their bond values erode.

In another case, a judge ruled Aug. 14 that Home Shopping Network Inc. had cheated bondholders and would have to issue millions of shares to bondholders as well as damages unless an appeal is successful.

Those bond-turned-equity investors will have to decide whether to passively hold the distressed equities in the hopes of a corporate comeback or learn to actively manage the holdings.

As bondholders get closer to the inner workings of companies through aggressive involvement in workouts, active equity management is an ironic progression from their position as creditors.

"It's happening more and more

See **Bondholders** *on page 62*

U.K. law indexes benefits

By Fred Williams

LONDON — Changes to pension laws in the United Kingdom contain far-reaching measures that could increase dramatically pension costs for U.K. firms and subsidiaries of U.S. companies by indexing pension benefits to inflation.

The law also might hasten the trend of companies dropping defined benefit plans in favor of defined contribution plans, which largely are unaffected by the new regulations.

The changes, enacted in July, will peg pension benefit increases at the lesser of 5% a year or the increase in the Retail Price Index.

The Dow Chemical Co., Midland, Mich., converted its U.K. defined benefit plan in July 1988, partially in response to the government's proposal to protect pension benefits against inflation.

Loren Pierce, director of compensation and benefits at Dow, said the change in U.K. law "was one issue we considered, a general consideration . . . but we decided about three years ago that with our long experience with defined benefit

See **U.K. law** *on page 59*

NEWS DIGEST

Employee stock ownership plans, a product of U.S. ingenuity, could become a good vehicle for industrial productivity in Prague and other Eastern European cities. Page 43.

The pilots union will appeal a decision allowing Eastern Airlines to freeze pension plan contributions. Page 63.

SPECIAL REPORT: LARGEST REAL ESTATE MANAGERS

Separate accounts now reign as the investment of choice for tax-exempt investors, a *Pensions & Investments* survey indicates. Page 23.

CASH MANAGEMENT

The distinct lines between cash management and corporate finance are fading in American corporate treasury offices. Page 19.

CORPORATE FINANCE

Restructurings and workouts of highly leveraged companies are turning bondholders to stockholders whether they like it or not. Page 1.

U.S. institutional investors for the first time voted at the meetings of hundreds of Japanese companies. Page 53.

INTERNATIONAL

Changes in U.K. pension laws contain far-reaching measures that could increase dramatically pension costs by indexing pension benefits to inflation. Page 1.

High tensions in the Mideast are pushing world bond markets into a tizzy. Page 6.

REAL ESTATE

Equitec Financial Group, whose subsidiary already was under siege by investors, files Chapter 11. Page 2.

Investment vehicles seeking to capture increasing farmland values are trying to raise more than $300 million from pension funds. Page 23.

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Equitec files Chapter 11

Subsidiary exits tax-exempt institutional arena

By Steve Hemmerick

OAKLAND, Calif. — Equitec Financial Group Inc., the parent of Equitec Institutional Realty Advisers Inc., has filed for protection under Chapter 11 of the federal Bankruptcy Code, citing "difficult times in the real estate industry."

The filing, made Aug. 29 in U.S. District Court for the Northern District of California, includes Equitec Institutional, but not the firm's limited partnerships or group trusts for institutional investors, according to Susan Kopp, vice president with Equitec Financial.

Previously, Equitec Institutional had announced plans to quit the institutional real estate investment business after being replaced as general partner of one of its commingled funds and facing the likelihood of being removed from two others.

Investors holding more than 51% of Equitec Institutional's $43 million Fund II, a closed-end real estate fund, decided July 27 to replace the firm as adviser with PMRealty Advisors Inc., Newport Beach, Calif.

The switch was expected to be completed Aug. 31, according to Paul Boland, chief executive officer of the $1.1 billion San Diego County Retirement System, which is an investor in Equitec Fund II and III.

He said investors are trying to "put to bed" the replacement of Equitec Institutional as adviser on Fund II before beginning work on replacing Equitec as adviser for the $46.5 million Fund III, which is structured as a group trust.

While the move is expected, no vote by participants has been taken.

In addition, trustees for K mart Corp.'s $1 billion pension fund are considering replacing Equitec as adviser to the $31 million Fund I.

K mart, Troy, Mich., which is not a participant in either Fund II or III, controls 66.67% of the assets of Fund I. Equitec's Fund I also is a limited partnership and a vote by an investor or investors holding 51% of the assets can effect a replacement of the adviser.

John Hartman, assistant treasurer for K mart, said executives from Equitec Institutional approached K mart about replacing the firm with Koll Realty Advisors, Newport Beach, Calif. He said no decision has been made on whether to replace Equitec nor has a timetable been set for the replacement.

Mr. Hartman declined to say why Equitec had suggested its replacement as adviser for Fund III.

Mr. Boland said he didn't think the Chapter 11 filing would affect the attempts to replace Equitec. He noted San Diego County fund officials had been concerned about the firm's financial condition since the beginning of the year.

Ms. Kopp agreed, adding replacing of Equitec at the commin

See **Equitec** *on page 5*

Venture interests lure investors

By Trudy Ring

CHICAGO — Three large pension funds are among the participants in Brinson Partners Inc.'s Venture Partnership Acquisition Fund II, which will buy venture capital partnership interests on the secondary market.

Brinson Partners raised $111 million from 12 limited partners, mostly pension funds. Those that have identified themselves are the State Universities Retirement System of Illinois; the General Mills Inc. pension fund; and the Virginia Retirement System.

The secondary market has grown as investors have seen a need for liquidity. For instance, some corporate investors that went into venture capital for strategic rather than purely investment reasons in the 1980s might have changed their strategies now and may need cash, said Bart Holaday, managing director-venture capital at Brinson Partners.

Secondary interest purchases, with a shorter holding period and possibly better pricing than traditional venture capital interests, have a favorable risk-return profile, added Marianne Woodward, partner and senior venture capital adviser. The number of partnership interests that become available is limited, however: "I don't think it will ever be an enormous market," she said.

Photo by Mary Herlehy

Ken Codlin said secondary venture capital interests will be part of a larger program.

Brinson Partners, then known as First Chicago Investment Advisors, raised another secondary market fund in 1988. That fund, Venture Partnership Acquisition Fund I, raised $47 million from nine investors, including several corporate and public pension funds (*Pensions & Investments*, April 18, 1988). As of Dec. 31, the fund had a compound annual return of 21.5%, according to a prospectus for the new fund.

For the $4 billion Illinois State Universities system, Champaign participation in the secondary market fund is part of a larger venture capital commitment, its first, said Ken Codlin, chief investment officer. The system will commit $100 million to Brinson Partners during the next five years, of which 20% will go to the secondary market fund; 20% to the First Post-Venture Fund, investing in young public companies; and 60% to traditional venture capital, with Brinson Partners investing in a variety of venture capital partnerships on the client's behalf.

Venture capital appears to be a good long-term investment, and it isn't a market investors can time, Mr. Codlin said. The system will use its positive cash flow to fund the commitment; if, at some point it no longer has positive cash flow, it will draw funding by reducing its equity position.

General Mills, Minneapolis, committed $2 million of its $700 million defined benefit plan assets to the secondary market fund, said Daralyn Peifer, manager-benefit finance. "We see secondary interests as an inefficient

See **Venture** *on page 58*

U.N. exec resigns post after 4 years

By Margaret Price

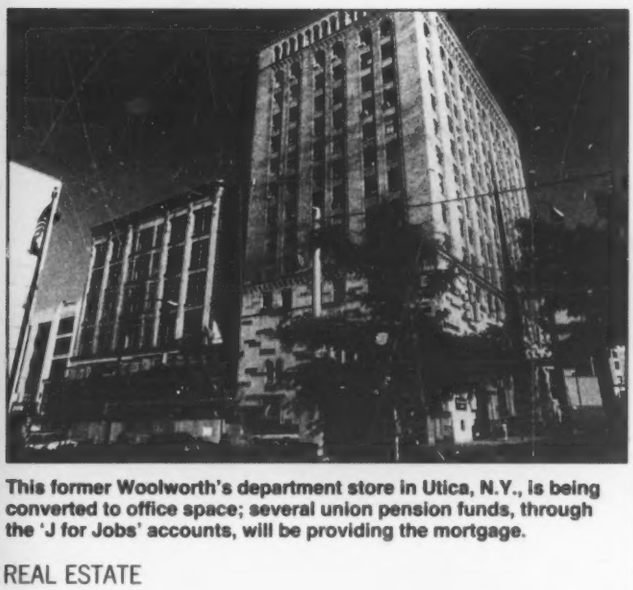
Having steered the $9 billion United Nations Joint Staff Pension Fund through the turbulent late 1980s and most of 1990, Pierre Henchoz, the fund's chief investment officer, was to leave Aug. 31.

Mr. Henchoz will become chief investment officer of Hentsch, Cholet & Cie, a private bank in his native Lausanne, Switzerland. He also will be an adviser and director of Eurovaleur Inc., a European investment program for institutional investors started in June.

A year after Mr. Henchoz arrived at the New York-based United Nations fund in 1986, world stock markets crashed, then perked up again only to face last year's "mini-crash" and now the

See **United Nations** *on page 58*

Pierre Henchoz will return to his native Switzerland.



This former Woolworth's department store in Utica, N.Y., is being converted to office space; several union pension funds, through the 'J for Jobs' accounts, will be providing the mortgage.

REAL ESTATE

'J for Jobs' providing mortgage for Utica office renovation project

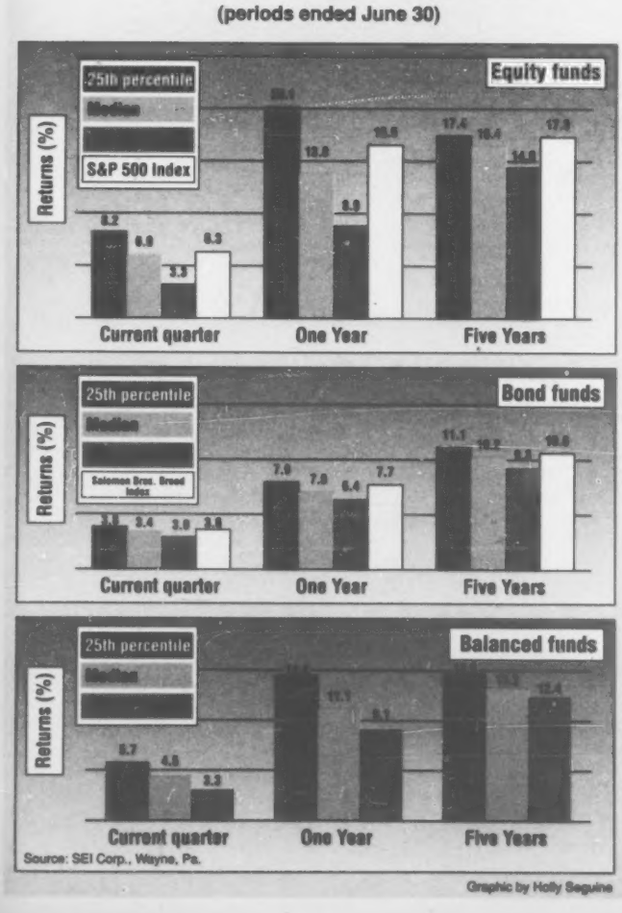
■ The Union Labor Life Insurance Co.'s "J for Jobs" account will provide a $5.2 million mortgage for the conversion to office space of a Utica, N.Y., building that formerly housed a Woolworth's department store.

After renovation, the six-story structure will become the northeast regional headquarters for Stetson-Harza, the architectural and engineering subsidiary of Harza Engineering. The 20-year mortgage will yield 9.75%, and has a call option at years 11 and 16.

"J for Jobs" is a $452.5 million open-end pooled fund that provides mortgage financing for projects built with union-only labor. The account has 177 pension funds invested in it, including four in the new project's jurisdiction: the Operating Engineers Joint Pension Fund and the Central New York Painters and Allied Trades Pension fund, both in Syracuse; the Plumbers and Steamfitters, Local 79 in Utica; and the International Brotherhood of Electrical Workers, Local 181 in Yorkville.

SEI universe performance

(periods ended June 30)



Source: SEI Corp., Wayne, Pa.

Graphic by Holly Seguine

PENSION FUNDS

Another page in the LTV-PBGC saga: 1 plan is 'broke

■ Officials of The LTV Corp. say one of the three pension plans they've been fighting about with the Pension Benefit Guaranty Corp. is broke.

The Jones & Laughlin hourly plan, the largest of the three plans with $1.6 billion in unfunded liabilities, is "broke," and the company does not have enough cash to fund it, says Julian Scheer, senior vice president for LTV in Washington.

What has been overlooked is that the J&L plan owes the PBGC $219 million for assets advanced to the plan after the agency forced the plan to terminate in January 1987. The plan now has only $104 million in assets.

The assessment of the plan's financial condition follows a U.S. Supreme Court ruling endorsing the restoration by the PBGC of the three plans.

PBGC officials "figured they can prop it (the plan) up for a while and somehow get it jump started," said Frank Cummings, a partner in the Washington law firm of LeBoeuf, Lamb, Leiby & MacRae, which represents Dallas-based LTV.

Meanwhile, upon restoration, the assets advanced to the plan when it was under PBGC trusteeship now represent a loan, he said. The agency does not have legal authority to lend money to an or going plan, Mr. Cummings added

But Messrs. Cummings an Schneer would not say what the think the PBGC should do abou the "loan." LTV currently is i negotiations with the PBGC.

Carol Flowe, the PBGC's ger eral counsel, disagreed wit LTV's stance.

She said the advances shoul not be characterized as a loa and noted this is the only cas where pension plans have bee restored.

LTV can afford the plans, M Flowe said, although "it ma mean other creditors will ge less."

JUNK BONDS

Defaults on way to a record year

■ There's more bad news for the already battered high-yield bond market.

Speculative-grade bond defaults are running at a 19-year high, according to Moody's Investors Service. Downgrades also are mounting, another indication of the rising credit problems for thinly protected firms.

And the rating agency warns that highly leveraged companies could face the most severe test as U.S. consumer spending slackens and the possibility of an oil price-triggered recession grows.

In a special report, John Lonski, Moody's senior economist, warned the most vulnerable junk bond issuers may be those with exposure to discretionary consumer spending, especially housing.

Through the first seven months of 1990, Moody's says 29 junk bond issuers defaulted, representing an annualized default rate of 5.8% for speculative-grade issuers. That rate is only marginally above the 5.6% of 1989. But, if maintained, Moody's said it will be the steepest annual rate since the 10.9% rate of 1970.

In dollar terms, Moody's reports that roughly $8.4 billion of junk bonds defaulted during the first seven months, for an annualized default rate of about 6.3% of total junk bonds outstanding at the start of the year. By comparison, in 1989, $9.4 billion of debt defaulted, a 4.9% default rate. During the first seven months of this year downgrades of speculative grade companies have led upgrades by a factor of 4 to 1.

Henderson's tapes are popular with U.K. clients.

MONEY MANAGERS

Firm turns up the volume in U.S.

■ Money manager Henderson International Inc. is using cassette tapes to reach out and touch U.S. pension funds.

The firm sent about 2,000 copies of its first tape, "Europe and Henderson: A Decade of Expansion," to U.S. pension funds and consultants. The package, which included the tape and written materials, describes Henderson itself as well as the firm's bullish outlook on Europe, such as strong markets, "overdone" fears of inflation and 1992-related developments. A second tape is due out this fall; others are planned for about every six months.

Why tapes? "Everybody sends out so much stuff. People don' have time to read it all," said Ri chard Garland, marketing direc tor. "With these tapes, people ca just pop them into their car cas sette . . . and listen to them," h said. "People in the U.K. lik them," he noted. "Henderson wa the first firm to send tapes to U.K pension funds" about 10 years ago

Tapes for U.S. funds are "par of a broad focus on the U.S. mar ket" — a focus that was "steppe up this year," said Mr. Garlanc The firm currently has two U.S foundations as clients.

A few other firms are said to b using or considering tapes fo marketing. Can stereo headsets b far behind?

INVESTING

Manager is high on aircraft stocks

■ Bill Kapner has high hopes for the commercial aircraft construction business.

Mr. Kapner, managing director of Justin Asset Management in Arlington, Va., expects "powerful returns and phenomenal earnings growth" from that industry, which is controlled by only a few players.

Boeing Co., the leading commercial aircraft manufacturer, is a recent addition to Justin's portfolio. In a report to clients, Ed Hickey, Justin's senior research analyst, said Boeing's rapid earnings growth (earnings per share were up 87% on a 61% sales increase during the first quarter of 1990) will continue.

General Electric Co. also will benefit from the same trends, Mr. Hickey said. GE manufactures the engines on more than half of all commercial jets sold.

Justin is bullish on commercial aircraft manufacturing despite the oil price hikes brought about by the Iraq-Kuwait hostilities. Mr. Kapner acknowledged reduced air travel could last into the fall. "But even after the oil price surge, I still believe firmly in the story."

Bill Kapner believes the sky's the limit for aircraft manufacturing stocks.

Indexers turning deaf ear to risk, prudence

By James R. Hamilton

Illustration by Alan Brunettin

There is a huge investment management problem in the $45 billion New York State Common Retirement Fund that pools the investments of several state and local retirement systems. The problem is the $16 billion of the fund invested to duplicate the performance of the Standard & Poor's 500 Stock Index. It's a problem facing many other pension sponsors, both public and corporate, which are estimated to have $200 billion of assets in equity index funds.

The index fund, which comprises more than a third of the New York fund's total assets, has outperformed the average manager in the recent bull market years. But what of the down years that in all likelihood will come? The comforting thought is advanced that this $16 billion will just "ride up and down with the stock market."

For 15 years, since 1975, the stock market has been riding up. Now, on the eve of a possible recession, let us focus on riding down with the stock market. Are 1973 and 1974 now so long ago that pension sponsors don't remember what it was like to have a prolonged bear market? The S&P 500 fell close to 15% in 1973 and 27% in 1974.

All indexers share one overwhelming characteristic: They have never heard of prudence or of risk. Obviously, they have never heard of anything; they have no ears or brains; they are simply compilers of past prices of one conglomeration of stocks or another. By investing to imitate them, is the system becoming deaf to prudence, at least with respect the the $16 billion invested this way?

What protection does the system's S&P 500 index fund have against a debacle? The answer is none. Under a passive approach, no investment manager will be trying to shift to stocks that will better weather the storm, or to switch to cash equivalents when no stocks look attractive. Active equity managers, on the other hand, will be buying cash equivalents and even government bonds in place of stocks.

What will the system be doing? The staff will be running their computer programs to exactly match the decline. The investment objective of an index fund is to match the index, not to make money.

The index strategy was adopted partly out of necessity because the system's small staff cannot manage that much stock internally. We may imagine these indexers, along with those at other pension funds, aren't oblivious to the danger of a decline, but damage control mechanisms have proven ineffective.

In reaction to the fear of a steep decline, some indexers adopted portfolio insurance and tactical asset allocation models. Following the October 1987 stock market crash, portfolio insurance was largely abandoned. Judging from results to date, tactical asset allocation, really nothing but market timing, is headed for a similar fate.

So what to do? A large part of the system's investment problem is its fund's unwieldy size and continuing growth; its $45 billion could be $100 billion by 1995. If indexation continues, it will have frozen even more of the assets into the "ride up and down with the stock market" mode.

My proposal is to separate its equity investment operations into at least 10 pools to be supervised by 10 joint boards similar to those of private Taft-Hartley funds, which are trusteed jointly by unions and management. Each of these would compete in the investment world as a separate entity. Almost certainly the combined results would be both more productive and less risky than the present arrangement. I would expect much less use of index funds, and that more intelligence and judgment would be applied to the decision-making. Put another way: prudence would be restored to investing more than one-third of the system's assets.

The results of all these sub-funds would be pooled and the result of the system as whole would be a blend of their individual results. Outstandingly successful results could be studied and the lessons learned conveyed to the other elements; in effect, it's a federal system of investment management comprising 10 "states."

The state comptroller, who now is the sole trustee of the fund, would be a member of each board to provide insight derived from a central overview of the whole system. The proposed system would retain what is good in the present one: a single decisive trustee, accountable to beneficiaries as a fiduciary and to the ultimate sponsors, the taxpayers.

The joint boards would provide many more opportunities to involve public employees, private individuals and state executives, whether appointed by the comptroller or governor or elected by the unions.

There is experience in virtually every corner of the country showing that the power of educated, interested and energetic people can be harnessed to improve the results organizations that have previously been managed through traditional hierarchies. In the highly entrepreneurial field of investment management, and particularly for the tens of billions in the system, the effect should be especially striking. ■

On Nov. 21, 1989, when the Standard & Poor's 500 Stock Index was headed for record highs, James R. Hamilton, president, Hamilton & Co., New York, addressed the New York State AFL-CIO Public Employees Conference in Albany. His commentary is excerpted from that speech.

LETTERS TO THE EDITOR

Time a precious commodity

■ "Don't call us, we'll be calling you," (*Pensions & Investments*, June 25) was a rather unflattering piece about National Steel Corp.'s attempt to keep interested parties informed on current pension activities. For the record, at National we are very interested in "(talking) about asset allocation, investment strategies or anything else." However, time does not allow for answering 40 to 50 daily calls directly.

While a few prospective investment managers or others have been forced to write a letter (or an article) to get my attention, nearly all have lauded the voice mail concept as an effective time management tool. As I see it, my job as pension manager is to direct the investment activities of the pension fund and to talk to people on an "as needed" basis. I am confident that the pension committee and, more importantly, the plan beneficiaries, share this view.

James L. Wainscott
Manager-pension and
lease administration
National Steel Corp.
Pittsburgh

Editors note: The item was not meant to be "unflattering." We applaud National Steel's effort to give as well as get information through its voice mail system.

British fund run in-house

■ In the June 25 special report profiling the 25 largest non-U.S. pension funds, I noticed the details for the Electricity Supply Pension Scheme are incorrect.

The implication is the scheme is managed by outside advisers. In fact, the scheme is managed in-house by ESN Investment Management Ltd. and ESN Property Management Co. Ltd. The companies named in your article are advisers to the trustees and not managers of the fund.

I would add that our U.S. property is managed by our wholly owned subsidiary, Eastern Realty Investment Corp., whose president and chief executive officer is Christopher J. Whyman, working out of Washington, D.C.

M.B. Cannan
Chief Executive
Electricity Supply Pension Scheme
London

Not transferable

■ "In addition, the plan sponsor must be comfortable with the fiduciary burden assumed in taking on this responsibility rather than delegating it to a full-time external specialist."

This statement was contained in a June 25 Letter to the Editor from Peter S. Bowles, president, Fiduciary Capital Management, Woodbury, Conn. Surely Mr. Bowles must realize that plan sponsors cannot delegate their fiduciary responsibilities. Therefore, implying that hiring full-time external specialist somehow relieves plan sponsors of fiduciary responsibility is irresponsible and could lull them into a false sense of invulnerability.

Leslie D. Gubkin
Assistant secretary
Hartford Life Insurance Cos.
Simsbury, Conn.

Security Pacific rechauffe

■ Please note the following corrections for the profile of Security Pacific Investment Group Inc. published in the May 21 issue.

Edward G. Hartmann is the chief executive officer of Security Pacific Investment Group Inc. J. Michael Gaffney is the chairman, chief executive officer and chief investment officer-fixed income of Security Pacific Investment Managers Inc.; Robert U. Sandroni is president and chief investment officer-equities.

The fixed-income management approach of Pacific Century Advisers Inc. uses convertible securities in a bottom-up selection process driven by earnings, existing debt and cash flow.

Norman J. Wohlken
Senior vice president
Director of marketing
Security Pacific Investment Group
Los Angeles

Goldman Sachs' $1 billion

■ The foreign institutional assets managed by Goldman Sachs Asset Management were underreported in the July 23 survey.

The correct figure should be $1.001 billion. The published figure included separate accounts only; the revised number is both separate and commingled accounts.

Doni L. Fordyce
Vice president
Asset Management Division
Goldman, Sachs & Co.
New York

A woman sunbathing

■ I am generally not one to comment on editorial cartoons, however, the cartoon in the July 23 issue was disturbing to me.

Mr. Schillerstrom's opinion could have been expressed in ways other than the childish and demeaning prank of a water balloon tossed on a woman sunbathing.

I am disappointed that you and your staff did not use or suggest a different illustration.

Collier W. Case
Manager employee benefits
KPL Gas Service
Topeka, Kan.

Traders show they can be 'spacey' types

Samplings from the program of a three-day Trader's World Conference at the Midland Hotel in Chicago in June, and accompanying testimonies of attendees, present disturbing news for those who leave out of their fundamental time-series analyses the macro forces of the cosmos or use English as a familiar language.

Among the topics and speakers were:

"How to use planetary harmonics to increase your probability of success in the markets . . ." Larry Pesavento, president, Astro-Cycles; and

"Using astrological cycles to increase profits," by Robert Hand, Astrolabe.

Sound value-adding? Unedited testimony from identified attendees at its last conference endorsing the educational experience perhaps unwittingly offer evidence there are indeed, as trader's put it, no-brainers:

● "Thanks for going to the trouble of putting this conferece together. I am so excited to have a change to meet other people."
— W. Alive

● "I enjoyed the conference. It was the best one have attended in years."
— R. Carlson

● ". . . You are to be commended to doing an outstanding job."
— M. Riley

● "The seminar was great — I'll try to brind frends next time."
— N. Name.

Executives expand duties

Financing, forecasting requiring more time

By Fred Williams

Traditional cash management seems to be merging into overall treasury management as corporate treasury managers spend more of their time in such areas as cash forecasting and corporate finance activities.

Gone are the distinct limits that used to separate cash management from corporate finance, results from *Pensions & Investments'* 1990 Cash Management Survey show.

Indeed, respondents to this year's survey are doing what, last year, they predicted they would. In *P&I's* 1989 survey, for example, treasury officials anticipated they would spend more time on cash forecasting in 1990 and less time on short-term borrowing.

This year, corporate treasury managers reported cash flow forecasting accounted for 20% of their time in the 12 months ended June 30, 1990. That's up from 17% in 1989. And they said short-term borrowing takes 10% of their time, down from more than 15% last year.

Other key findings from the survey:

- The use of hedging of borrowings against potential rate volatility has risen dramatically, to 31% from 11% in 1989.
- Nearly 30% of the respondents indicated they do not use benchmarks when investing corporate cash, up from 25% last year.
- Some 57% of respondents use electronic funds transfer to receive payments from customers, up from 45% in 1989.
- Controlled disbursement and lockbox services were cited as bank services that have become more competitively priced this year. But the next most frequent response was "none." Prices for bank wire transfers, account maintenance and balance reporting fees have increased, the respondents said.
- Increasing costs for banking and cash management services are a growing problem for treasury managers.

More than 60% of the respondents said troubles in the banking industry have caused them to review the solvency of their banks more closely. More than 20% said bank mergers have adversely affected cash management services.

The 1990 survey also showed the move toward treasury managers paying bank charges with fees, rather than with compensating balances, is leveling off.

In 1990, more than 60% of respondents said they pay with fees, the same percentage as in 1989.

Corporate financial executives have found they can save money by not maintaining large balances to pay bank charges.

Only 34% (vs. 45% last year) said they are satisfied with the performance benchmarks used to evaluate short-term investment staff and outside management. Another 30% indicated their benchmark could be improved. And a surprising 29% said they don't use a benchmark to measure the performance of their short-term investments.

George Delaney, president of L.M. Delaney Co., a Sewickley, Pa., cash management consulting firm, said the absence of a benchmark by such a sizable percentage indicates the lack of understanding and concern for cash as an asset. He said companies are "leaving money on the table" by not paying more attention to their short-term investments.

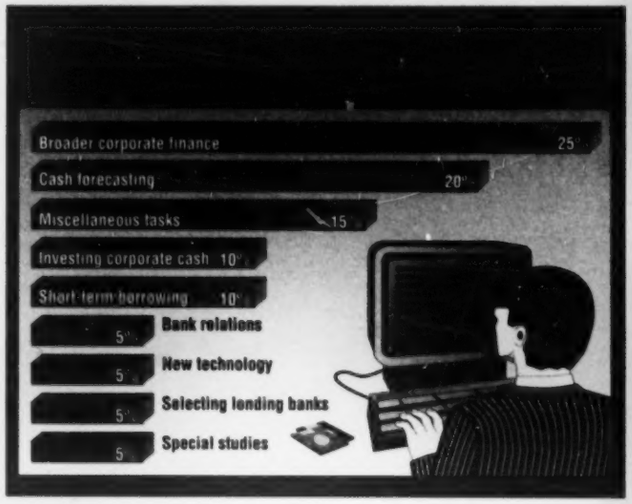
"I'm not surprised that people aren't pegging themselves to anything," he said. "If no one knows what's going on then no one can appraise their performance. Many of them probably don't know what they are earning. They don't have a system where they can measure and calculate their returns and focus almost entirely on liquidity. They demand five- or six-day liquidity when they may need 30 days."

Hedging of short-term borrowing has picked up dramatically since last year. But while 31% said they now hedge borrowings, 47% said they have never hedged.

Of those who do or plan to hedge, an average of 38% of borrowings have or will be hedged.

Mr. Delaney said the increased use of hedging probably indicates treasury managers feel "less secure about constant rates and may have or be expecting more volatile interest rates, up or down, but wanted protection in the event volatility went against them."

See **Duties** *on page 21*



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Duties

Continued from page 19

He said since many treasury officials are in the market almost continuously, they hedge themselves against the rising cost of money. If rates drop, "they would just be out the cost of the hedge."

The average daily investible cash position for survey respondents was $97.5 million. And, as in previous surveys, most of the cash is invested by internal staff (84%), with only 4% saying they plan to hire outside investment managers in the next 12 months.

Most respondents (82%) said their companies have written investment guidelines with safety, liquidity and yield the most frequently listed investment requirements.

When asked to name two issues that will be of major importance to cash management in the next one to two years, most corporate treasury managers picked the continued development of electronic data interchange to process orders and payments electronically.

Other issues mentioned frequently include:

- The risks and liabilities associated with electronic funds transfer;
- The potential pricing of daylight overdrafts by the Federal Reserve Board;
- Continued bank mergers and consolidation of services;
- Proposed new postal regulations that could delay collections in some lockbox locations;
- Foreign exchange and global cash management; and
- The impact of rising Federal Deposit Insurance Corp. premiums that safeguard deposits.

The FDIC expects to raise premiums paid by commercial banks nationwide by three basis points next year. Some industry experts expect the hike to be closer to the 7.5-basis point ceiling allowed by Congress.

The insurance fund was established during the Depression, and now is widely regarded as underfunded.

Last year, banks paid premiums of 8 cents for every $100 in assets. That rate was raised to 12 cents this year and is scheduled to rise to 15 cents in 1991. ■

Support

Continued from page 20

pected risks. It presents and analyzes hedging alternatives and strategies that reduce costs without increasing risk. Once a strategy has been employed, it tracks and monitors the positions and provides full profit and loss accounting on the exposures, the hedges and the net positions.

The product offers techniques that minimize risk across a basket of assets and liabilities. The software can determine which hedging instruments, and how much of each instrument, should be used to minimize risk for a linked portfolio. Many exposures can be hedged simultaneously.

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Bank mergers come up short

Bucking conventional wisdom, a new study shows bank mergers and acquisitions rarely produce the economies much heralded by the players to win the support of regulators and shareholders for these arranged marriages.

Most banks typically expect to reduce expenses by 50% or more at the time of the merger, but actual savings averaged only 35%, according to the study conducted by Ernst & Young and Keefe, Bruyette & Woods Inc., both in New York. Mergers of equals produced economies of only 15%, compared to as much as 50% for acquisitions.

The two firms surveyed 34 of the largest banks nationwide with the aim of helping bankers target realistic cost reductions.

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Separate accounts top commingled funds

P&I survey finds tax-exempt real estate assets up 14%

By Steve Hemmerick

Separate accounts have overtaken commingled funds as the investment of choice for tax-exempt real estate investors, a *Pensions & Investments* survey shows.

Tax-exempt assets in separate real estate accounts jumped 28.8% in the year ended June 30, to $65.064 billion from $50.5 billion a year earlier. Tax-exempt assets in commingled funds, on the other hand, increased only 2.3%, to $64.357 billion from $62.9 billion during the same period.

Until now, assets in commingled funds had exceeded those in separate accounts, although the gap had been narrowing for several years.

The *P&I* survey, based on responses from 105 real estate money managers, also showed all tax-exempt assets in real estate — equity, hybrid debt and mortgages — increased 14.1%, to $129.421 billion as of June 30 from $113.413 billion a year earlier.

Commingled funds for real estate date back to 1970, and became popular in the late 1970s and early '80s. They were seen as a way for investors to enter the real estate market with small investments that could be spread among several commingled pools in the hopes of achieving diversification. They began with open-end funds, many of which now are thought of as being core real estate investments. Then, as investors' knowledge of, and comfort with, real estate as an asset class increased, they moved to closed-end funds and, finally, to separate accounts.

Both types of commingled real estate funds appear to be less popular.

The increase in assets flowing to closed-end real estate funds is declining, according to Paul Saint-Pierre, president of Pension Realty Advisors, a San Francisco-based real estate consulting firm.

In the first half of 1988, investors contributed $2.3 billion to closed-end funds. In the first half of 1989, contributions to closed-end funds dropped as investors put $1.7 billion in assets in them.

In the first half of 1990, the decline became even more dramatic. Investors put only about $500 million in closed-end real estate funds, said Mr. Saint-Pierre.

"The investment activity to closed-end funds is really tailing off very quickly," he said.

One problem, he said, is that many investors feel an overwhelming uncertainty about the level and direction of real estate values.

Pension fund executives have complained that in a commingled real estate fund, they have little control over the money manager or the fund's assets when they think change is needed. They also have expressed frustration with the appraisal method used to value properties in commingled funds. And values determine fees paid to commingled fund real estate advisers.

There's also been a sharp exodus from some open-end funds. Investors have sought to withdraw more than $1.9 billion from open-end commingled real estate funds (*P&I*, Aug. 6), and other open-end funds are in client-induced liquidation.

Consultants say larger public funds — which have moved into real estate only in the past few years — are part of the reason for the sharp increase in tax-exempt assets in separate accounts. Larger pension funds often prefer separate accounts, and make big enough investments to provide adequate diversification in their real estate portfolios.

Regardless of the vehicle, tax-exempt investors continue to invest in real estate.

Equity and hybrid debt real estate assets held by the managers surveyed increased almost $15 billion during the year ended June 30. (Since many investors and real estate professionals regard mortgages as more of a fixed-income investment than a real estate one, mortgages were excluded from these calculations.)

When adjusted for market appreciation of 2.5% — a number consultants generally agree on for the market appreciation of equity real estate and hybrid debt for the year ended June 30 — tax-exempt equity and hybrid debt assets under management still grew about $12.3 billion.

Using a 7.3% median return on real estate equity and hybrid debt that consultants generally agree on for appreciation plus income, the amount of new cash in real estate investing would be even smaller. Had last year's real estate equity and hybrid debt assets returned 7.3%, they would have grown to $115.9 billion from $108.02 billion during the year. Adjusted for that return, that would mean new investments in real estate equity and hybrid debt during the year totaled slightly more than $7 billion.

During the one-year period, tax-exempt assets in equity real estate increased 15.8%, to $104.363 billion from $90.145 billion. Tax-exempt assets in hybrid debt rose only 4.1%, to $18.607 billion from $17.875 billion, while tax-exempt investments in mortgages increased 21.9%, to $6.451 billion from $5.292 billion a year earlier.

Based on an estimated $2.57 trillion in institutional tax-exempt assets held as of June 30, tax-exempt investors have about 4.8% of assets in real estate equity and hybrid debt, or 5% in real estate including mortgages.

P&I's annual survey of real estate money managers also showed:

- The amount of tax-exempt money awaiting investment grew a whopping 52.1% during the year ended June 30. Tax-exempt contributions received but not invested were $3.019 billion as of June 30, up from $2.5 billion a year earlier. Commitments not yet received were $13.253 billion, up from $8.2 billion a year earlier.
- More tax-exempt real estate assets are being funneled into residential multifamily properties and less traditional property investments like mobile homes and land.

The investment in multifamily housing increased more than two percentage points to 11.1% from 9% the previous year. And the amount in other or less traditional real estate investments has increased to 13.9% from 12%, the survey shows.

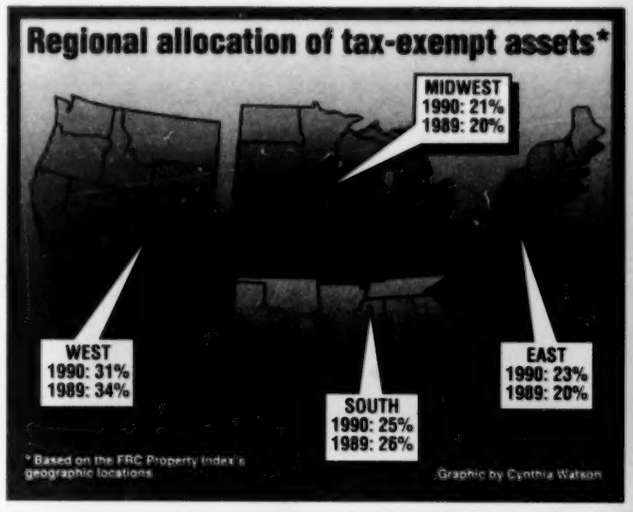
- The amount of assets invested for non-U.S. clients increased 17.2% during the year, to $19.654 billion from $16.768 billion. Total assets invested in non-U.S. properties rose 16.4%, to $9.739 billion as of June 30 from $8.367 billion a year earlier. Tax-exempt assets in non-U.S. properties were $5.491 billion as of June 30; this question was not asked last year.
- In aggregate, tax-exempt assets were 88.6% invested in existing properties and 11.4% in developmental properties as of June 30.
- Taxable and tax-exempt assets in real estate totaled $343.238 billion as of June 30, up 5.1% from $326.584 billion a year earlier.
- Among *P&I*'s Top 10 managers ranked by tax-exempt assets, LaSalle Advisors Ltd., Chicago, moved up to sixth place this year from eighth last year. LaSalle's tax-exempt assets under management grew 41.5%, to $5.115 billion as of June 30 from $3.616 billion a year earlier.

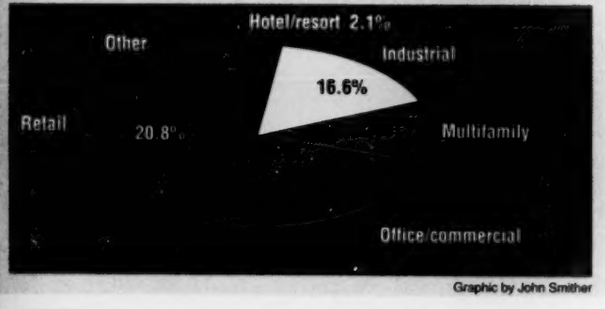
The RREEF Funds, San Francisco, dropped to 10th place from seventh, though its tax-exempt assets under management increased 9.3% during the year ended June 30. The bulk of the growth came from the addition of $60 million in hybrid debt assets; last year, RREEF reported managing only equity real estate.

JMB Institutional Realty Corp., Chicago, saw its tax-exempt equity assets increase 28.8% during the year, to $11.127 billion from $8.638 billion. Tax-exempt equity assets of Heitman Advisory Corp., Chicago, rose 16.2%, to $6.5 billion from $5.596 billion.

- JMB, with $11.338 in tax-exempt assets under management, is inching up on Equitable Real Estate Investment Management, New York, which for several years has had the distinction of managing more tax-exempt real estate assets than any other firm.

Equitable's tax-exempt assets under management stood at $11.601 billion as of June 30, up 13.5% from $10.225 billion a year ago. JMB's tax-exempt assets rose 28.8% during the same period. ■





Advisers plant farmland seeds

By Terry Williams

Investment vehicles that aim to capture increasing farmland values are seeking to raise more than $300 million from pension funds.

So far, two money managers claim to have more than $70 million in commitments between them.

For the most part, however, pension funds have moved cautiously toward farmland. They have expressed interest, but few have committed money.

One pension fund particularly sanguine about investing in farmland is the $2.3 billion fund of Owens-Illinois Inc., Toledo, Ohio.

The pension fund has invested an estimated $15 million in farmland over nine years, through the closed-end Heartland Group Trusts I, II and III, sponsored by American Agricultural Investment Management Co. Inc., Lombard, Ill.

During that period, the Owens-Illinois pension fund paid a high of $3,800 an acre for farmland and a low of $1,800 an acre, according to Ronald C. Boller, corporate vice president and director-benefits finance.

"We dollar-averaged in," said Mr. Boller. "The first land we paid two times per acre what we got it for later."

Owens-Illinois likes farmland as a long-term investment.

"We want long-term ownership," he said. "We look on it as a good asset class."

He noted, however, there aren't many of his counterparts investing in the property type.

H. Joseph Bourne, president of American Agricultural Investment, said four pension funds he wouldn't identify are in the final stages of making an aggregate $30 million commitment to Heartland Group Trust IV, a closed-end fund with a target of $100 million.

Two U.S. corporate pension funds have committed more than $50 million to separate accounts run by Batterymarch: Agrivest, Glastonbury, Conn., according to Jim McCandless, executive vice president. He declined to identify the funds. The manager also is launching a commingled fund

See **Farmland** *on page 40*

How information was gathered

Data for the real estate investment managers directory were gathered from questionnaires.

More than 300 managers were sent questionnaires and asked about such topics as tax-exempt and total assets under management; breakdowns among equity real estate, hybrid debt and mortgage investments; and the geographic and property mix of the tax-exempt assets.

Firms also were asked to provide a brief description of any open-end commingled funds and closed-end funds still open for subscription.

The tables that appear in the directory are based on the responses from the 105 participating firms, which are listed on page 24. The top 50 firms ranked by tax-exempt assets in property investments are profiled beginning on page 25.

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Real estate investment advisers ranked by tax-exempt assets

	Tax-exempt assets ($ mils.)					Taxable tax-exempt assets ($ mils.)			
	Total	Equity	Hybrid debt	Mortgages	Fully discretionary	Total	Equity	Hybrid debt	Mortgages
1 Equitable Real Estate	11,601	11,190	135	276	11,601	35,982	23,768	1,310	10,904
2 JMB Institutional Realty *	11,338	11,127	211	-	10,574	11,869	11,658	211	-
3 Copley Real Estate Advisors	9,070	9,070	-	-	8,909	16,019	16,019	-	-
4 Heitman Advisory	6,500	6,500	-	-	4,680	6,500	6,500	-	-
5 Prudential Real Estate	5,489	5,219	125	145	5,397	39,035	13,539	218	25,278
6 LaSalle Advisors	5,115	5,115	-	-	2,980	5,115	5,115	-	-
7 Aetna Life	5,066	3,465	1,231	370	4,237	30,525	5,574	1,252	23,699
8 Aldrich, Eastman & Waltch	4,320	995	2,765	560	1,980	4,540	1,135	2,845	560
9 Yarmouth Group	4,290	3,880	410	-	2,160	7,510	7,100	410	-
10 RREEF Funds	4,045	3,985	60	-	3,367	4,115	4,055	60	-
11 TCW Realty Advisors	3,904	3,269	635	-	2,211	3,904	3,269	635	-
12 Alex. Brown Kleinwort Benson	3,722	1,935	1,573	214	401	3,745	1,958	1,573	214
13 GE Investments	3,676	2,998	257	421	3,676	3,676	2,998	257	421
14 Corporate Property Investors	2,868	2,868	-	-	2,868	4,700	4,700	-	-
15 Boston Co. Real Estate	2,723	885	1,838	-	1,202	2,723	885	1,838	-
16 Jones Lang Wootton	2,250	2,208	42	-	661	2,250	2,208	42	-
17 J.P. Morgan Investment	2,125	606	1,519	-	2,015	2,256	660	1,596	-
18 CIGNA Investments	1,894	1,731	158	5	1,245	14,304	2,708	1,267	10,329
19 Lehndorff & Babson	1,830	1,662	168	-	858	3,673	3,483	190	-
20 Balcor	1,792	332	1,435	25	-	4,411	2,951	1,435	25
21 O'Connor Group	1,769	1,644	125	-	900	2,113	1,988	125	-
22 Trammell Crow Realty Advisers	1,750	1,750	-	-	1,350	17,300	17,300	-	-
23 Sentinel Real Estate	1,717	1,717	-	-	1,417	2,039	2,039	-	-
24 McMorgan	1,615	260	255	1,100	1,615	1,615	260	255	1,100
25 Latimer & Buck	1,391	268	443	680	700	1,391	268	443	680
26 Wells Fargo Realty	1,316	78	1,237	1	901	1,401	291	1,109	1
27 MIG Cos	1,237	636	406	195	491	1,237	636	406	195
28 Metropolitan Life	1,206	1,148	-	58	1,181	24,809	11,659	-	13,150
29 Karsten Realty Advisors	1,111	816	-	295	1,111	1,231	936	-	295
30 Invesco Realty Advisors	1,028	-	863	165	50	1,028	-	863	165
31 Coldwell Banker Commercial	1,004	961	37	6	763	1,004	961	37	6
32 Mellon McMahan Real Estate	995	657	338	-	995	1,060	722	338	-
33 Kennedy Associates	992	727	246	19	198	992	727	246	19
34 John Hancock Financial	988	979	-	9	-	15,504	2,404	-	13,100
35 L.J. Melody	922	83	431	408	-	2,521	100	890	1,531
36 Cabot, Cabot & Forbes	900	900	-	-	900	900	900	-	-
37 Property Capital Associates	854	854	-	-	854	854	854	-	-
38 NCNB Nat'l Bank	847	781	66	-	804	847	781	66	-
39 PSI Institutional Realty	758	758	-	-	-	3,233	2,950	-	283
40 ASB Capital Mgmt	632	471	161	-	80	632	471	161	-
41 Metric Institutional Realty	616	579	21	16	304	2,370	2,333	21	16
42 FS Realty Partners	575	477	97	1	-	575	477	97	1
43 Dreyfus Realty Advisors	574	538	36	-	200	574	538	36	-
44 Eastdil Realty	554	405	17	132	380	3,990	1,628	2,230	132
45 Citicorp Real Estate	542	404	-	138	341	718	580	-	138
46 Phoenix Mutual	502	202	300	-	502	2,502	852	450	1,200
47 Schroder Real Estate	500	500	-	-	300	1,300	1,300	-	-
48 State Street Bank (m)	500	300	200	-	500	500	300	200	-
49 Union Labor Life	453	-	-	453	34	453	-	-	453
50 Piedmont Realty Advisors	422	162	260	-	422	422	162	260	-
51 Bennett & Kahnweiler	421	359	62	-	317	421	359	62	-
52 Meyer Real Estate Advisors	408	363	27	18	50	523	478	27	18
53 Frank Russell Trust (m)	401	401	-	-	401	401	401	-	-
54 PMRealty Advisors	373	373	-	-	373	485	468	-	17
55 First Wachovia	364	364	-	-	364	383	383	-	-
56 Sierra Capital	355	355	-	-	351	623	623	-	-
57 AFL-CIO Housing Trust	319	-	-	319	319	319	-	-	319
58 AMB Institutional	308	282	26	-	208	1,194	1,168	26	-
59 T. Rowe Price Realty	306	280	26	-	306	306	280	26	-
60 Grubb & Ellis Realty	290	275	9	6	56	762	739	12	11
61 Garrett Realty Advisors	272	245	-	27	15	272	245	-	27
62 Mid Atlantic Realty	261	261	-	-	21	261	261	-	-
63 FFCA Institutional	259	172	87	-	259	1,194	932	262	-
64 Coventry Realty Advisors	250	250	-	-	-	280	280	-	-
65 Capital Consultants	223	64	64	95	222	245	64	64	117
66 RCB Trust (m)	210	210	-	-	210	210	210	-	-
67 Angeles Institutional	207	207	-	-	207	1,353	1,353	-	-
68 Hart Advisors	207	140	24	43	-	207	104	24	43
69 Resource Investments	195	195	-	-	195	195	195	-	-
70 First Nat'l Bank of Boston	189	119	-	70	189	189	119	-	70
71 1345 Realty Corp.	180	180	-	-	80	180	180	-	-
72 Acquest Capital	175	34	136	5	-	208	38	149	21
73 Woodmont Realty Advisors	163	163	-	-	-	500	500	-	-
74 Birtcher Realty Advisors	159	159	-	-	69	1,162	1,162	-	-
75 Loeb Partners Realty	150	150	-	-	-	800	800	-	-
76 Devon Institutional Realty	146	146	-	-	146	146	146	-	-
77 K.S. Sweet Associates	146	146	-	-	-	705	705	-	-
78 Wellington Real Estate	145	-	145	-	-	145	-	145	-
79 Bear Stearns Realty	135	135	-	-	135	135	135	-	-
80 Lincoln Asset Mgmt.	135	135	-	-	100	135	135	-	-
81 Principal Mutual	133	133	-	-	133	10,917	217	-	10,700
82 Dusco	122	122	-	-	-	236	236	-	-
83 Rocky Mountain Investors	120	40	-	80	120	120	40	-	80
84 Equitec Institutional Realty	110	110	-	-	110	1,500	1,500	-	-
85 MONY	104	42	-	62	42	6,800	1,400	-	5,400
86 Batterymarch: Agrivest	100	-	100	-	100	370	150	-	220
87 Lieberman Cos.	100	80	-	20	100	100	80	-	20
88 First Asset Realty	92	92	-	-	92	92	92	-	-
89 Aegon USA	70	70	-	-	-	1,300	280	-	1,020
90 Baring Institutional Realty	69	69	-	-	36	804	804	-	-
91 Forest Investment	69	69	-	-	42	69	69	-	-
92 Citizens and Southern Trust	43	30	-	13	27	43	30	-	13
93 Harris Trust & Savings Bank	42	42	-	-	42	45	45	-	-
94 Manufacturers Nat'l Bank-Detroit	30	30	-	-	30	150	150	-	-
95 Equitable Agri-Business	25	25	-	-	25	2,263	91	-	2,172
96 Lepercq Realty Advisors	25	25	-	-	25	440	440	-	-
97 Boatmen's Trust (m)	17	16	-	1	-	17	16	-	1
98 American Agricultural	14	14	-	-	14	23	23	-	-
99 First Wisconsin Trust	13	12	-	1	-	20	20	-	-
100 Morrison, Karsten, Ramzy & Arthur	11	11	-	-	-	27	27	-	-
101 CGR Advisors	-	-	-	-	-	1,960	1,720	-	240
102 Chesterton International	-	-	-	-	-	415	326	85	4
103 Eastern Realty	-	-	-	-	-	297	271	-	26
104 Jacques & Kurdziel	-	-	-	-	-	450	450	-	-
105 Morguard Investments	-	-	-	-	-	2	2	-	-
Total	**129,421**	**104,363**	**18,607**	**8,451**	**92,735**	**343,238**	**194,751**	**24,054**	**124,433**

* An additional $14 billion in total assets is managed by an affiliate, JMB Realty
(m) Manager of managers; assets not included in totals

Aetna Life Insurance Co.

151 Farmington Ave., Hartford, Conn. 06156; (203) 273-0123

Tax-exempt real estate assets	$5,066,000,000
Equity	$1,463,000,000
Hybrid debt	$1,233,000,000
Mortgages	$370,000,000
Commingled or pooled funds	
Equity	$2,698,000,000
Hybrid debt	$1,097,000,000
Direct separate accounts	
Equity	$928,000,000
Mortgages	$343,000,000
Total real estate assets	$30,525,000,000
Equity	$5,574,000,000
Hybrid debt	$1,252,000,000
Mortgages	$23,699,000,000

As of June 30, Aetna Life Insurance Co. had $5.066 billion in U.S. institutional tax-exempt real estate assets, of which $4.237 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $2.899 billion as of June 30. Contributions received but not invested were $96 million; contributions committed but not received were $470 million.

Of the total assets under management, $340 million was invested for non-U.S. pension funds.

Of the U.S. tax-exempt assets, 91% was in existing and 9% in developmental properties. The property mix was 3% hotel/resort, 21% industrial, 22% multifamily housing, 34% office/commercial, 19% retail, and 1% land. The geographic mix was 41% West, 12% Midwest, 29% East and 18% South.

The firm offers open- and closed-end commingled funds, including closed-end specialty accounts; open-end participating mortgage accounts; single property and individual separate accounts.

The Real Estate Separate Account, an open-end fund, has contributions received and invested of $1.656 billion and contributions received but not invested of $65 million for 258 participants. The fund consists of an aggressively managed, equity core portfolio, designed to offer consistent real estate returns. Long-term downside risk is limited by the acquisition of existing, well-leased properties; properties with expansion or rehabilitation potential; and forward commitments on to-be-built properties. The current acquisition strategy emphasizes larger, existing retail, industrial and apartment properties.

The Participating Mortgage Separate Account, an open-end fund, has contributions received and invested of $956 million and commitments received but not invested of $15 million from 232 participants. The fund is broadly diversified by property type and geographic region. Investments include mortgage interests, land underlying commercial income-producing property, and acquired properties that previously were mortgage investments. The current emphasis for acquisitions is on existing, well-leased industrial, apartment and office properties.

Union Separate Account, also an open-end fund, has contributions received and invested of $83 million and contributions received but not invested of $41 million from 29 participants. The diversified account invests in union-built, high-quality properties in areas of high economic growth on a participating mortgage basis. The emphasis is on retail, apartment and industrial properties.

The Union Residential Mortgage Account, a new open-end fund, has contributions committed but not received of $10 million from one client. The fund will invest in residential first mortgages on newly constructed one- to four-family, union-built properties. Investments will be targeted in specific regions based on the client's preference.

The Warehouse Fund is a new, closed-end fund that will invest in warehouse and distribution facilities. Holdings will be structured as wholly owned or joint ventures and located in narrowly defined regions of targeted metropolitan areas.

The parent is Aetna Life and Casualty. Aetna Realty Investors Inc. is the realty subsidiary.

Alan M. Connor is in charge of making equity real estate investments. Raymond E. Smith is in charge of making mortgage financing investments. John E. Arant III is the client contact.

Aldrich, Eastman & Waltch

225 Franklin St., Boston, Mass. 02110; (617) 261-9000

Tax-exempt real estate assets	$4,320,000,000
Equity	$995,000,000
Hybrid debt	$2,765,000,000
Mortgages	$560,000,000
Commingled or pooled funds	
Equity	$300,000,000
Hybrid debt	$200,000,000
Direct separate accounts	
Equity	$695,000,000
Hybrid debt	$2,365,000,000
Mortgages	$560,000,000
Total real estate assets	$4,540,000,000
Equity	$1,135,000,000
Hybrid debt	$2,845,000,000
Mortgages	$560,000,000

As of June 30, Aldrich, Eastman & Waltch Inc. had $4.32 billion in U.S. institutional tax-exempt real estate assets, of which $1.98 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $995 million as of June 30.

Of the total assets under management, $25 million was invested for non-U.S. clients.

Of the U.S. tax-exempt assets, 87% was in existing and 13% in developmental properties. The property mix was 2% hotel/resort, 12% industrial, 7% multifamily housing, 33% office/commercial, 37% retail, and 9% operating development companies. The geographic mix was 31% West, 15% Midwest, 42% East and 12% South.

The firm offers closed-end funds, separate accounts, specialized investment funds and commercial mortgage accounts.

John A. McDonough is client contact.

The consultants directory will be published Nov. 12.

ASB Capital Management

655 15th St. N.W., Suite 800, Washington, D.C. 20005; (202) 383-6300

Tax-exempt real estate assets	$632,000,000
Equities	$471,000,000
Hybrid debt	$161,000,000
Commingled or pooled funds	
Equities	$61,000,000
Hybrid debt	$19,000,000
Direct separate accounts	
Equity	$410,000,000
Hybrid debt	$142,000,000
Total real estate assets	$633,000,000

As of June 30, ASB Capital Management Inc. had $632 million in U.S. institutional tax-exempt real estate assets, of which $80 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $288 million. Contributions received but not invested were $64 million; contributions committed but not received were $119 million.

Of the U.S. tax-exempt assets, 78% were in existing and 22% in developmental properties. The property mix was 1% hotel/resort, 7% industrial, 3% multifamily housing, 84% office/commercial, 3% retail, and 2% land. The geographic mix was 28.3% West, 20.7% Midwest, 42% East, and 9% South.

The Trinet Trust, a trust for a state retirement system, has acquired:

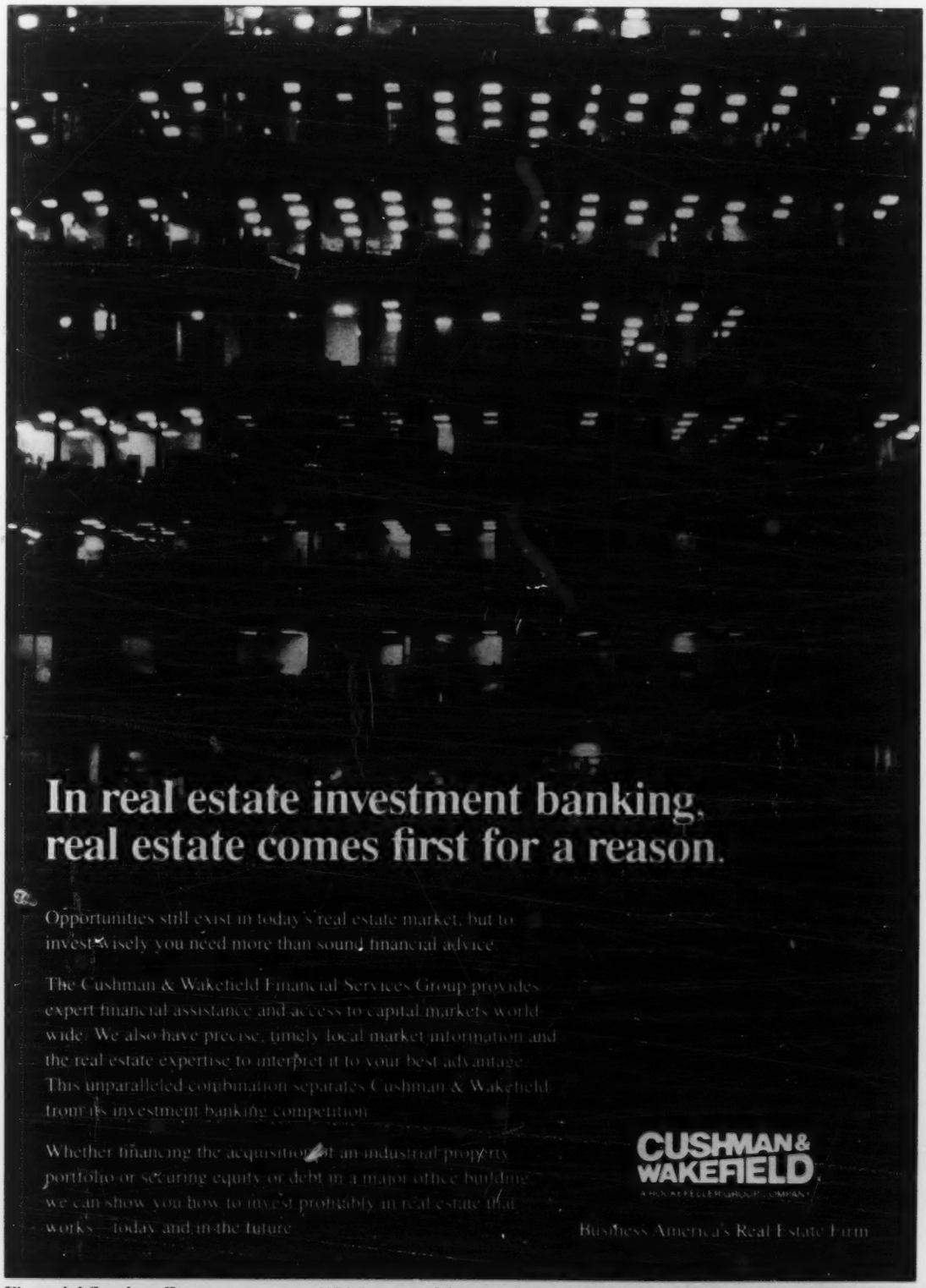
Sentinel

BEAVER RIDGE APARTMENTS

Beaverton, Oregon

$17,250,000

Sentinel Real Estate Corporation
1290 Avenue of the Americas
New York, NY 10104
(212) 408-2900



The firm offers an open-end fund and separate accounts. The Employee Benefit Real Estate Fund, a group trust, has contributions received and invested of $24 million; contributions received but not invested of $24 million; and contributions committed but not received of $32 million. The fund invests solely in developmental joint ventures.

Clients include IBEW, Electrical Workers Local No. 26, Ironworkers Local No. 5 and IBPAT.

The parent company is MNC Financial Inc.

Paul R. Lowman is in charge of property investments. Philip St. G. Cocke is client contact.

The Balcor Co.

4849 Golf Road, Skokie, Ill. 60077; (312) 677-2900

Tax-exempt real estate assets	$1,792,000,000
Equity	$332,000,000
Hybrid debt	$1,435,000,000
Mortgages	$25,000,000
Commingled or pooled funds	
Equity	$332,000,000
Hybrid debt	$1,435,000,000
Direct, separate accounts	
Mortgages	$25,000,000
Total real estate assets	$4,411,000,000
Equity	$2,951,000,000
Hybrid debt	$1,435,000,000
Mortgages	$25,000,000

As of June 30, The Balcor Co. had $1.792 billion in U.S. institutional tax-exempt real estate assets.

The tax-exempt equity assets had a market value of $332 million as of June 30.

Of the total assets under management, $44 million was invested for non-U.S. clients.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 1.6% hotel/resort; 5.8% industrial; 32.2% multifamily housing; 39.5% office/commercial; 13.1% retail; and 7.8% mobile home parks. The geographic mix was 12.3% West; 29.8% Midwest; 23.4% East; and 34.5% South.

Tax-exempt clients include Michigan Municipal Employees and the City of Tampa.

Real estate subsidiaries are Balcor Institutional Realty Advisors and Balcor Development Co.

Thomas E. Meador is in charge of making property investments. John K. Powell Jr. is client contact.

Bennett & Kahnweiler Realty Advisors

9700 W. Bryn Mawr Ave., Rosemont, Ill. 60018; (708) 671-7911

Tax-exempt real estate assets	$421,000,000
Equity	$359,000,000
Hybrid debt	$62,000,000
Direct, separate accounts	
Equity	$359,000,000
Hybrid debt	$62,000,000
Total real estate assets	$421,000,000

As of June 30, Bennett & Kahnweiler Realty Advisors had $421 million in U.S. institutional tax-exempt real estate assets, of which $317 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $271 million as of June 30. Contributions received but not invested were $20 million; contributions committed but not received were $68 million.

Of the U.S. tax-exempt assets, 89.3% were in existing and 10.7% in developmental properties. The property mix was 30% industrial; 5% multifamily housing; 33% office/commercial; 22% retail; 9% parking garages and 1% land. The geographic mix was 1% West; 95% Midwest; and 4% East.

The firm offers separate accounts.

Clients include Illinois Teachers and Ohio Teachers.

The parent is Bennett & Kahnweiler Inc.

James S. Smith and James S. Lee are in charge of making property investments. Ronald A. Gold is client contact.

The Boston Co. Real Estate Counsel Inc.

1 Boston Place, OB18B, Boston, Mass. 02108; (617) 722-7116

Tax-exempt real estate assets	$2,723,000,000
Equity	$885,000,000
Hybrid debt	$1,838,000,000
Commingled or pooled funds	
Equity	$65,000,000
Hybrid debt	$106,000,000
Direct, separate accounts	
Equity	$820,000,000
Hybrid debt	$1,732,000,000
Total real estate assets	$2,723,000,000

As of June 30, The Boston Co. Real Estate Counsel Inc. had $2.723 billion in U.S. institutional tax-exempt real estate assets, of which $1.202 billion was fully discretionary.

The tax-exempt equity assets had a market value of $885 million as of June 30.

Of the total assets under management, $536 million was invested for non-U.S. clients.

Of the U.S. tax-exempt assets, 93% was in existing and 7% in developmental properties. The property mix was 10.3% industrial; 9.9% multifamily housing; 58.6% office/commercial; 18.2% retail; and 3% R&D. The geographic mix was 24.5% West; 14.2% Midwest; 57.4% East; and 3.9% South.

The firm offers closed-end commingled funds and separate accounts.

The parent company is The Boston Co.

Mark A. Albertson Sr. is in charge of making property investments. Thomas N. Tkia is the client contact.

Pensions & Investments will focus on employee benefit trends Dec. 10.

Alex. Brown Kleinwort Benson Realty Advisors

2 N. Charles St., Baltimore, Md. 21201; (301) 783-3200

Tax-exempt real estate assets	$3,722,000,000
Equity	$1,935,000,000
Hybrid debt	$1,573,000,000
Mortgages	$214,000,000
Commingled or pooled funds	
Equity	$125,000,000
Hybrid debt	$8,000,000
Direct, separate accounts	
Equity	$1,810,000,000
Hybrid debt	$1,565,000,000
Mortgages	$214,000,000
Total real estate assets	$3,745,000,000
Equity	$1,958,000,000
Hybrid debt	$1,573,000,000
Mortgages	$214,000,000

As of June 30, Alex. Brown Kleinwort Benson Realty Advisors Corp. had $3.722 billion in U.S. institutional tax-exempt real estate assets, of which $401 million was fully discretionary.

The tax-exempt equity assets had a market value of $1.824 billion as of June 30. Contributions received but not invested were $23 million; contributions committed but not received were $88 million.

Of the total assets under management, $33 million was invested in non-U.S. properties.

Of the U.S. tax-exempt assets, 99% was in existing and 1% in developmental properties. The property mix was 9% hotel/resort; 18% industrial; 3% multifamily housing; 54% office/commercial; 15% retail; and 1% land. The geographic mix was 38% West; 14% Midwest; 23% East; and 25% South.

Top 10 equity real estate managers*

Firm	$ millions
Equitable Real Estate	11,190
JMB Institutional Realty	11,127
Copley Real Estate	9,070
Heitman Advisory	6,500
Prudential Real Estate	5,219
LaSalle Advisors	5,115
RREEF Funds	3,985
Yarmouth Group	3,880
Aetna Life	3,465
TCW Realty	3,269
Total	**62,820**

* Tax-exempt assets

The firm offers closed-end funds and direct separate accounts.

Clients include California Public Employees, Oregon Public Employes', Texas Teachers, Illinois Teachers and Utah State.

John W. Guinee III is in charge of making property investments; Jack S. Griswold is client contact.

Cabot, Cabot & Forbes Realty Advisors Inc.

60 State St., Boston, Mass. 02109; (617) 722-8200

Tax-exempt real estate assets	$900,000,000
Equity	$900,000,000
Direct, separate accounts	
Equity	$900,000,000
Total real estate assets	$900,000,000

As of June 30, Cabot, Cabot & Forbes Realty Advisors Inc. had $900 million in U.S. institutional tax-exempt real estate assets, all fully discretionary.

The tax-exempt equity assets had a market value of $365 million as of June 30. Contributions received but not invested were $40 million; contributions committed but not received were $495 million.

All of the U.S. tax-exempt assets were invested in existing properties. The property mix was 89% industrial and 11% office/commercial. The geographic mix was 27% West; 18% Midwest; 52% East; and 3% South.

The firm offers separate accounts.

Clients include Ameritech, BellSouth, IBM, Eastman Kodak and Shell Oil.

Robert E. Patterson is in charge of making property investments; Robert M. Angland is client contact.

CIGNA Investments Inc.

Hartford, Conn. 06152; (203) 726-4244

Tax-exempt real estate assets	$1,894,000,000
Equity	$1,731,000,000
Hybrid debt	$158,000,000
Mortgages	$5,000,000
Commingled or pooled funds	
Equity	$1,195,000,000
Hybrid debt	$45,000,000
Mortgages	$5,000,000
Direct, separate accounts	
Equity	$536,000,000
Hybrid debt	$113,000,000
Total real estate assets	$14,304,000,000
Equity	$2,708,000,000
Hybrid debt	$1,267,000,000
Mortgages	$10,329,000,000

As of June 30, CIGNA Investments Inc. had

CUSHMAN & WAKEFIELD
A ROCKEFELLER GROUP COMPANY

is pleased to announce it represented
The Tokyu Corporation
in the acquisition of
The Portman Hotel
a 330 room luxury hotel
San Francisco, California
from
Portman Companies
Cushman & Wakefield
555 California Street
San Francisco, CA 94104

is pleased to announce it represented
Himark Enterprises
in the placement of
Permanent First Mortgage Financing for
a 106,000 square foot Industrial Property
Hauppauge, Long Island
with
Allstate Insurance Company
Cushman & Wakefield
EAB Plaza, West Tower, 15th Floor
Uniondale, NY 11556

is pleased to announce it represented
Martin Selig Real Estate
in the placement of
5 Year Term Financing for
Elliott Bay Office Park
a 230,000 square foot office building
Seattle, Washington
with
Equitable Life Assurance Society
Cushman & Wakefield
999 Third Avenue
Seattle, WA 98104

is pleased to announce it represented
Moore & Associates, Inc.
in the placement of
Participating Mortgage Financing for
Station Square
a 500,000 square foot office complex
Silver Spring, Maryland
with
Heller Financial and **Fuji Bank, Ltd.**
Cushman & Wakefield
Two Logan Square
Philadelphia, PA 19103

is pleased to announce it represented
Chubb Realty, Inc.
in the placement of
Convertible Mortgage Financing for
Fountain Place
a 1.2 million square foot office building
Dallas, Texas
with
Australian Capital Equity, Pty. Limited
Cushman & Wakefield
5430 LBJ Freeway
Dallas, TX 75240

is pleased to announce it represented
Prudential Insurance Company
in the sale of
McGregor Clinic
a 75,000 square foot
medical office building
Houston, Texas
to
8100 Greenbriar Dr. Ltd.
Cushman & Wakefield
1300 Post Oak Boulevard
Houston, TX 77056

is pleased to announce it represented
The Marquardt Company
in the placement of
First Mortgage Financing
for a 752,353 square foot
manufacturing facility on
56.01 acres of land in
Van Nuys, California
with
Progress Credit Corporation
Cushman & Wakefield
515 South Flower Street
Los Angeles, CA 90017

is pleased to announce it arranged a development joint venture of
Janivo Group
Breda, Netherlands,
Nedamco
Princeton, New Jersey
and
Romanek Properties, Ltd.
for
633 St. Clair Place
a 625,000 square foot office tower
Chicago, Illinois
Cushman & Wakefield
150 South Wacker Drive
Chicago, IL 60606

is pleased to announce it represented
Equitec Real Estate Investors XII
in the sale of a portfolio of 7 buildings
totalling 645,351 gross square feet
Southeast Michigan
to
Jan-jo Properties, Inc.
Cushman & Wakefield
27400 Northwestern Highway
Southfield, MI 48034

In real estate investment banking, real estate comes first for a reason.

CUSHMAN & WAKEFIELD
A ROCKEFELLER GROUP COMPANY

Business America's Real Estate Firm

Financial Services Group — 1166 Avenue of the Americas, New York, New York 10036 • (212) 841-7500

$1.894 billion in U.S. institutional tax-exempt real estate assets, of which $1.245 billion was fully discretionary.

The tax-exempt equity assets had a market value of $1.626 billion as of June 30; contributions committed but not received were $105 million.

Of the U.S. tax-exempt assets, 98% was in existing and 2% in developmental properties. The property mix was 6% hotel/resort; 21% industrial; 7% multifamily housing; 16% office/commercial; 35% retail; and 15% other. The geographic mix was 20% West; 22% Midwest; 19% East; and 39% South.

The firm offers open- and closed-end funds; direct investments and separate accounts.

Separate Account R, an open-end equity account, has $783 million received and invested for 429 participants. SA-R consists of moderate size properties typically suburban. Assets will be invested in existing and to-be-built commercial properties including office buildings, shopping centers, industrial properties, hotels and apartments. It will be diversified by location and property type. Structures include pure equity, construction loans convertible to equity and joint ventures. Leverage is capped at 30% of fund assets.

Tax-exempt clients include the General Board of Pensions of the United Methodist Church, Unisys, Grumman and Connecticut.

The parent is CIGNA Corp.

David R. Johnson is in charge of making property investments. David P. Marks is client contact.

Citicorp Real Estate Investment Management

599 Lexington Ave., New York, N.Y. 10043; (212) 559-9683

Tax-exempt real estate assets	$542,000,000
Equity	$404,000,000
Mortgages	$138,000,000
Commingled or pooled funds	
Equity	$135,000,000
Mortgages	$135,000,000
Direct, separate accounts	
Equity	$269,000,000
Mortgages	$3,000,000
Total real estate assets	$718,000,000
Equity	$580,000,000
Mortgages	$138,000

As of June 30, Citicorp Real Estate Investment Management had $542 million in U.S. institutional tax-exempt real estate assets, of which $341 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $370 million; contributions received but not invested were $34 million.

All assets are in existing properties. The property mix was 12% hotel/resort; 9.2% industrial; 54.7% office/commercial; 23.3% retail; and 0.8% land. The geographic mix was 29.8% West; 9.7% Midwest; 39.5% East; and 21% South.

The firm offers open-end funds and separate accounts.

The parent company is Citicorp.

Steve Brabant, Gary Gallagher and Tom McDaniel are in charge of making property investments. E. Andrew Lowe is the client contact.

Coldwell Banker Commercial Realty Advisors

533 Fremont Ave., Los Angeles, Calif. 90071; (213) 613-3705

Tax-exempt real estate assets	$1,004,000,000
Equity	$961,000,000
Hybrid debt	$37,000,000
Mortgages	$6,000,000
Commingled or pooled funds	
Equity	$489,000,000
Hybrid debt	$37,000,000
Mortgages	$6,000,000
Direct, separate accounts	
Equity	$472,000,000
Total real estate assets	$1,004,000,000

As of June 30, Coldwell Banker Commercial Realty Advisors had $1.004 billion in U.S. institutional tax-exempt real estate assets, of which $763 million was fully discretionary.

The tax-exempt equity assets had a market value of $894 million as of June 30; contributions committed but not received were $67 million.

Of the U.S. tax-exempt assets, 92.7% was in existing and 7.3% in developmental properties. The property mix was 34.8% industrial; 40.3% office/commercial; 24.6% retail; and 0.3% land. The geographic mix was 45.4% West; 13.5% Midwest; 31.8% East; and 9.3% South.

The firm offers closed-end funds; direct, separate accounts; and co-ventures.

Tax-exempt clients include AT&T, San Francisco City & County, Kodak and Unisys.

The parent is Coldwell Banker Commercial Group Inc. Subsidiaries are CB Commercial Real Estate Services, CB Real Estate Property Management Services and CB Appraisal and Consultation.

Cab Grayson is in charge of making property investments. Al Beaudette is client contact.

Copley Real Estate Advisors

399 Boylston St., Boston, Mass. 02116; (617) 578-1200

Tax-exempt real estate assets	$9,070,000,000
Equity	$9,070,000,000
Commingled or pooled funds	
Equity	$5,762,000,000
Direct, separate accounts	
Equity	$3,308,000,000
Total real estate assets	$16,019,000,000
Equity	$16,019,000,000

As of June 30, Copley Real Estate Advisors $9.07 billion in U.S. institutional tax-exempt real estate assets, of which $8.909 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $8.667 billion as of June 30. Contributions received but not invested were $64 million and contributions committed but not received, $339 million.

Of the U.S. tax-exempt assets, 56% was in existing and 44% in developmental properties. The property mix was 1% hotel/resort; 40% industrial; 3% multifamily housing; 26% office/commercial; 7% retail; and 23% land. The geographic mix was 64% West; 2% Midwest; 27% East; and 7% South.

The firm offers open- and closed-end funds and separate accounts.

The Developmental Properties Account, an open-end fund, has $1.165 billion in contributions received and invested from 170 clients. The Value Fund, a closed-end fund with an opportunistic value-added orientation, will invest approximately $1 billion to acquire major portfolios. The fund expects to close Dec. 31.

Copley emphasizes a developmental investment approach. Investments are in to-be-built properties, and are structured as partnerships with local developers in selected markets. The firm now is emphasizing industrial/warehouse and R&D facilities and single- and multifamily residential developments.

The parent company is The New England.

Kevin M. Mahony is in charge of making property investments. John C. Phillips Jr. is client contact.

Corporate Property Investors

305 E. 47th St., New York, N.Y. 10017; (212) 421-8200

Tax-exempt real estate assets	$2,868,000,000
Equity	$2,868,000,000
Commingled or pooled funds	
Equity	$2,868,000,000
Total real estate assets	$4,700,000,000
Equity	$4,700,000,000

As of June 30, Corporate Property Investors had $2.868 billion in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The tax-exempt equity assets had a market value of $2.8 billion as of June 30. Contributions received but not invested were $32 million; contributions committed but not received were $36 million.

Of the total assets under management, $1.9 billion was invested for non-U.S. clients, including $24 million for pension funds.

Of the U.S. tax-exempt assets, 99% is in existing and 1% in developmental properties. The property mix is 2% industrial; 12% office/commercial; and 86% retail. The geographic mix was 17% West; 8% Midwest; 42% East; and 33% South.

The firm offers a real estate investment trust, in which 35 tax-exempt institutions participate. The REIT concentrates on regional shopping centers.

Tax-exempt clients include Exxon, AT&T, United Nations and Pennsylvania State Employes.

Hans C. Mautner is in charge of making property investments. William J. Lyons is client contact.

Dreyfus Realty Advisors

1180 Avenue of the Americas, 18th Floor, New York, N.Y. 10036-8401; (212) 764-3210

Tax-exempt real estate assets	$574,000,000
Equity	$538,000,000
Hybrid debt	$36,000,000
Direct, separate accounts	
Equity	$538,000,000
Hybrid debt	$36,000,000
Total real estate assets	$574,000,000

As of June 30, Dreyfus Realty Advisors Inc. had $574 million in U.S. institutional tax-exempt real estate assets, of which $200 million fully discretionary.

The tax-exempt equity assets had a market value of $513 million as of June 30; contributions received but not invested were $25 million.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 60% office/commercial and 40% retail. The geographic mix was 6% West; 9% Midwest; 62% East; and 23% South.

The firm offers separate accounts, closed-end funds and project advisory "work-out" expertise.

The Wal-Mart Community Shopping Center Co-Investment, with $25 million committed but not received, will acquire a portfolio of community shopping centers, anchored by Wal-Mart stores on a 100% equity basis. Leverage will be employed up to 50%.

The parent company is Dreyfus Corp.

Francis X. Tansey and David Luski are in charge of making property investments. Paul McEvoy Jr. is the client contact.

Eastdil Realty Inc.

40 W. 57th St., New York, N.Y. 10019; (212) 315-7415

Tax-exempt real estate assets	$554,000,000
Equity	$405,000,000
Hybrid debt	$17,000,000
Mortgages	$132,000,000
Direct, separate accounts	
Equity	$405,000,000
Hybrid debt	$17,000,000
Mortgages	$132,000,000
Total real estate assets	$3,990,000,000
Equity	$1,628,000,000
Hybrid debt	$2,230,000,000
Mortgages	$132,000,000

As of June 30, Eastdil Realty Inc. had $554 million in U.S. institutional tax-exempt real estate assets, of which $380 million was in fully discretionary accounts.

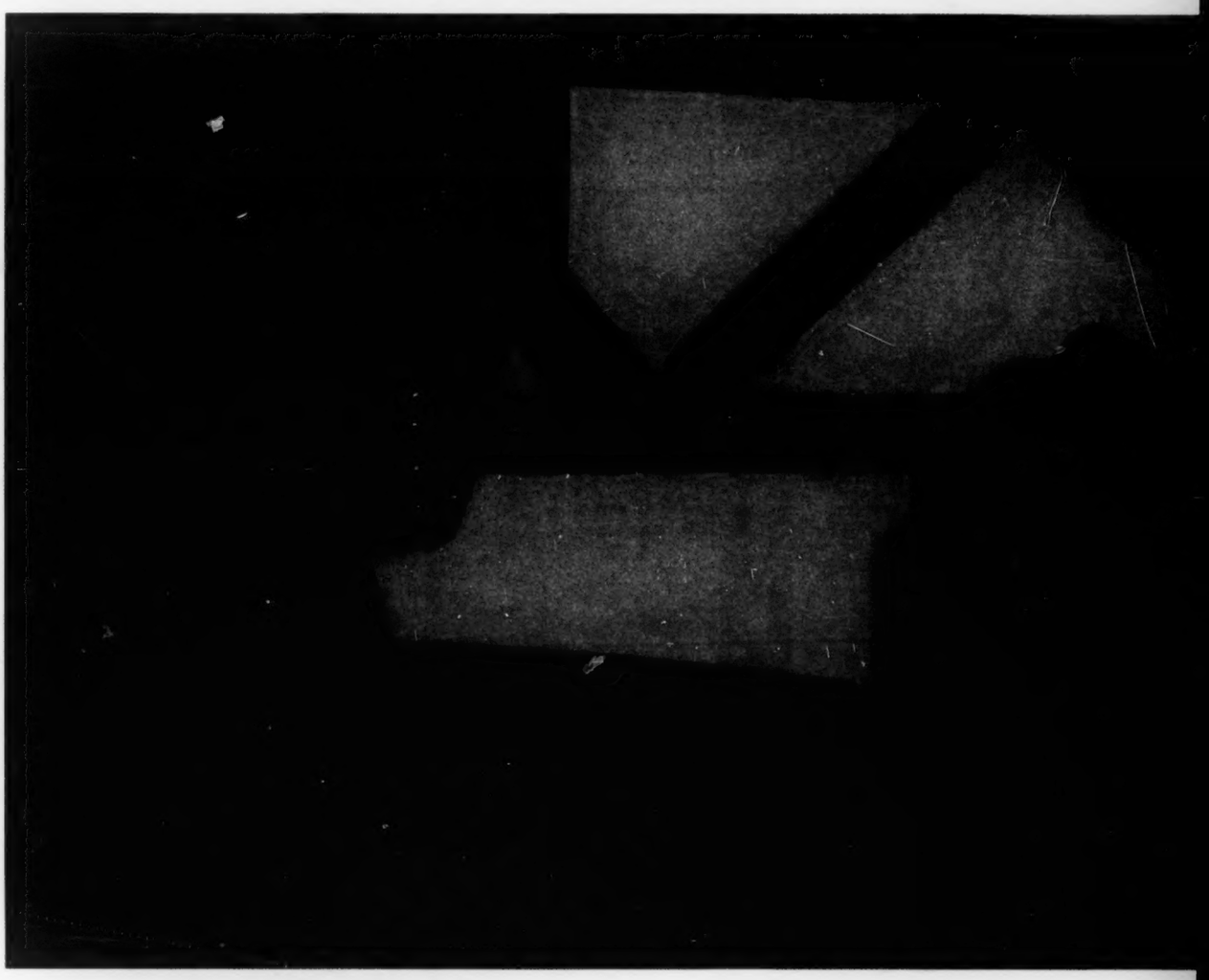
The tax-exempt equity assets had a market value of $405 million as of June 30.

Of the total assets under management, $2.723 billion was invested for non-U.S. clients.

All U.S. tax-exempt assets were in existing prop-

The third-quarter PIPER report will be published Nov. 26.

THE CREATION OF VALUE



The Creation of Value *by Douglas Fraser, Calgary. "The creation of value is the union of ideas and action," said the artist. "In my painting, an idea matures into a real-life application — it transcends the hypothetical and becomes tangible."*

erties. The property mix was 0.3% hotel/resort, 11.8% industrial, 2.6% multifamily housing, 67.5% office/commercial, 17.5% retail, and 0.3% land. The geographic mix was 37% in the West, 11% in the Midwest, 3.5% in the East, and 48.5% in the South.

The firm offers separate accounts.

Clients include TREET, Virginia Supplemental, New York State Employees and Missouri Employees.

Stephen Karpf, Jonathan Weller and Benjamin Lambert are in charge of making property investments.

Equitable Real Estate Investment Management

787 Seventh Ave., Area 46K, New York, N.Y. 10019; (212) 554-4312

Tax-exempt real estate assets	$11,601,000,000
Equity	$11,190,000,000
Hybrid debt	$135,000,000
Mortgages	$276,000,000
Commingled or pooled funds	
Equity	$5,966,000,000
Hybrid debt	$135,000,000
Mortgages	$194,000,000
Direct, separate accounts	
Equity	$5,224,000,000
Mortgages	$82,000,000
Total real estate assets	$35,982,000,000
Equity	$23,768,000,000
Hybrid debt	$1,310,000,000
Mortgages	$10,904,000,000

As of June 30, Equitable Real Estate Investment Management Inc. had $11,601 billion in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The tax-exempt equity assets had a market value of $11,022 billion as of June 30. Contributions received but not invested were $43 million; contributions committed but not received were $125 million.

Of the total assets under management, $2,497 billion was invested for non-U.S. clients.

Of the U.S. tax-exempt assets, 96.1% was in existing and 3.9% in developmental properties. The property mix was 7.2% hotel/resort, 10.0% industrial, 50.6% office/commercial, 25.5% retail, and 6.7% in land and apartments. The geographic mix was 20.9% West, 15.9% Midwest, 40.6% East, and 22.6% South.

The firm offers open- and closed-end funds, special focus funds, separate accounts and direct investments.

The Prime Property Fund, an open-end fund, has contributions received and invested of $3,769 billion and contributions received but not invested of $43 million for 271 participants. The fund invests in high-quality, income-producing real property purchased for the long term. Most properties are acquired on a free and clear basis.

PREFER, an open-end fund, has contributions received and invested of $27 million and contributions received but not invested of $2 million from seven participants. PREFER purchases shares of the Prime Property Fund.

Tax-exempt clients include the California Public Employees, California State Teachers, Exxon and Sun.

Its joint venture partner for non-U.S. real estate investments is the Europolis Invest consortium.

The parent company is Equitable Life Assurance Society of the U.S.

Thomas Clinton is in charge of making debt investments; Douglas Healy is in charge of making equity investments; Paul J. Dolinoy is client contact.

FS Realty Partners

1400 Three Lincoln Center, 5430 LBJ Freeway, Dallas, Texas 75240; (214) 386-9800

Tax-exempt real estate assets	$575,000,000
Equity	$477,000,000
Hybrid debt	$97,000,000
Mortgages	$1,000,000
Commingled or pooled funds	
Equity	$210,000,000
Hybrid debt	$9,000,000
Direct, separate accounts	
Equity	$267,000,000
Hybrid debt	$87,000,000
Mortgages	$1,000,000
Total real estate assets	$575,000,000

As of June 30, FS Realty Partners had $575 million in U.S. institutional tax-exempt real estate assets, none of which was fully discretionary.

The tax-exempt equity assets had a market value of $256 million as of June 30. Contributions received but not invested were $11 million; contributions committed but not received were $210 million.

Of the U.S. tax-exempt assets, 98% was in existing and 2% in developmental properties. The property mix was 5% industrial, 17% multifamily housing, 42% office/commercial, 27% retail, and 9% land. The geographic mix was 20% West, 21% Midwest, 24% East, and 35% South.

The firm offers closed-end funds, direct investments and separate accounts.

Tax-exempt clients include U.S. WEST, Reader's Digest, Hughes Aircraft and Stanford University.

The parent company is Fayez Sarofim & Co.

Richard Sesler and Joshua Brown are in charge of making property investments; Mr. Brown is the client contact.

GE Investments

3003 Summer St., Stamford, Conn. 06905; (203) 326-2316

Tax-exempt real estate assets	$3,676,000,000
Equity	$2,998,000,000
Hybrid debt	$257,000,000
Mortgages	$421,000,000
Commingled or pooled funds	
Equity	$152,000,000
Direct, separate accounts	
Equity	$2,846,000,000
Hybrid debt	$257,000,000
Mortgages	$421,000,000
Total real estate assets	$3,676,000,000

As of June 30, GE Investments had $3.676 billion in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The equity assets had a market value of $2.8 billion; contributions committed but not yet received were $198 million.

Of the U.S. tax-exempt assets, $36 million was invested in the United Kingdom as of June 30.

Ninety-six percent of the assets were in existing and 4% in developmental properties. The property mix was 15% hotel/resort; 9% industrial; 7% multifamily housing; 58% office/commercial; 8% retail; and 3% land. The geographic mix was 26% West; 7% Midwest; 54% East; and 13% South.

The firm offers closed-end funds and separate accounts.

Tax-exempt clients include Unisys, Eastman Kodak, Ford and Eli Lilly.

The parent is General Electric Co.

Joel R. Wilson is in charge of making property investments; Geoffrey R. Norman is client contact.

Top 10 hybrid debt managers*

Firm	$ millions
Aldrich, Eastman & Waltch	2,765
Boston Co. Real Estate	1,838
Alex. Brown Kleinwort	1,573
J.P. Morgan Investment	1,519
Balcor	1,435
Wells Fargo Realty	1,237
Aetna Life	1,231
Invesco Realty Advisors	863
TCW Realty Advisors	635
Latimer & Buck	443
Total	**13,539**

* Tax-exempt assets

John Hancock Financial Services

P.O. Box 111, Boston, Mass. 02117; (617) 572-4520

Tax-exempt real estate assets	$988,000,000
Equity	$979,000,000
Mortgages	$9,000,000
Commingled or pooled funds	
Equity	$275,000,000
Mortgages	$9,000,000
Direct, separate accounts	
Equity	$704,000,000
Total real estate assets	$15,504,000,000
Equity	$2,404,000,000
Mortgages	$13,100,000,000

As of June 30, John Hancock Financial Services had $988 million in U.S. institutional tax-exempt real estate assets, all of which was managed by two subsidiaries in fully discretionary accounts.

John Hancock Timber Resource Group managed $762 million in U.S. institutional tax-exempt assets. The market value of the equity assets was $701 million; contributions committed but not received totaled $56 million.

All of the U.S. tax-exempt institutional assets were invested in existing agricultural and timber lands.

The firm offers open- and closed-end funds, both pooled and non-pooled.

ForesTree Two, a closed-end fund currently accepting contributions, invests exclusively in timberland properties.

ACRE 2000, an open-end fund with $41 million received and invested for four participants, buys equity and mortgage stakes in agricultural properties.

Tax-exempt clients include Hallmark Cards, R.R. Donnelly, Detroit Police and Firemen and American Hoechst.

William Gordon and Paul Rennie are in charge of making property investments; Richard N. Smith and Richard Overton are client contacts and can be reached at (617) 572-0460.

John Hancock Properties Inc. managed $226 million in U.S. institutional tax-exempt real estate assets. The market value of the equity assets was $176 million; contributions received but not invested totaled $45 million.

Of the total assets managed for John Hancock Financial, $129 million was invested for non-U.S. clients.

All of the U.S. tax-exempt assets were invested in existing properties. The property mix is 13% industrial, 68% multifamily housing, 16% office/commercial, and 5% retail. The properties were located 47% in the West, 29% Midwest, 14% East, and 10% South.

The firm offers open- and closed-end commingled funds, separate accounts and co-investments.

The John Hancock Property Fund, an open-end fund, had $36 million received and invested and $28 million in contributions received but not invested. The fund isolates and quantifies risk on three levels: property, market and portfolio. The firm blends traditional know-how with contemporary quantitative method in an effort to deliver consistently the best risk-adjusted performance through market cycles.

Tax-exempt clients include Pennsylvania State Employees, Florida, Detroit and Connecticut.

Other subsidiaries of John Hancock Financial Services are JH Realty Services, JH Real Estate Finance, JH Realty Equities and JH Realty Management.

James Patterson II is responsible for making property investments; James McBride is client contact at (617) 572-3800.

In institutional real estate investing, value is created through the deliberate application of sound ideas.

At The Yarmouth Group, ideas emerge from portfolio strategies based on each client's needs. They are realized through rigorous investment objectives and active management of each asset.

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Heitman Advisory Corp.

180 N. LaSalle St., Suite 3600, Chicago, Ill. 60601; (312) 855-5700

Tax-exempt real estate assets	$6,500,000,000
Equity	$6,500,000,000
Commingled or pooled funds	
Equity	$1,300,000,000
Direct, separate accounts	
Equity	$5,200,000,000
Total real estate assets	$6,500,000,000

As of June 30, Heitman Advisory Corp. had $6.5 billion in U.S. institutional tax-exempt real estate assets, of which $4.68 billion was fully discretionary.

The tax-exempt equity assets had a market value of $5.55 billion as of June 30. Contributions received but not invested were $150 million; contributions committed but not received were $800 million.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 7.3% industrial; 44.2% office commercial; 35.1% retail; and 13.4% mixed-use properties. The geographic mix was 22% West; 48% Midwest; 24% East; and 6% South.

The firm offers closed-end commingled funds and separate accounts.

The Heitman Real Estate Fund V, HREF V, is a closed-end fund expected to close early in 1991. Five participants have committed a total of $50 million; no assets have been received. The Group Trust will acquire interests in a diversified portfolio of 10 to 15 regional shopping centers, industrial business parks, office buildings, mixed-use properties and luxury, high-rise residential properties. Properties, which generally will be larger sized and with values of more than $10 million, will be acquired on an equity, leveraged equity or joint venture basis.

Tax-exempt clients include AT&T, Pennsylvania State Employes, California Public Employees and Pacific Enterprises.

The parent company is Heitman Financial Ltd. Subsidiaries are Heitman Financial Services Ltd. and Heitman Properties Ltd.

Norman Perlmutter is in charge of making property investments. David Glickman is client contact.

Invesco Realty Advisors

2001 Bryan Tower, Suite 3300, Dallas, Texas 75201; (214) 746-8297

Tax-exempt real estate assets	$1,028,000,000
Hybrid debt	$863,000,000
Mortgages	$165,000,000
Commingled or pooled funds	
Hybrid debt	$50,000,000
Direct, separate accounts	
Hybrid debt	$813,000,000
Mortgages	$165,000,000
Total real estate assets	$1,028,000,000

As of June 30, Invesco Realty Advisors had $1.028 billion in U.S. institutional tax-exempt real estate assets, of which $50 million was fully discretionary.

All of the U.S. institutional tax-exempt assets were invested in existing properties. The property mix was 17% industrial; 16% multifamily housing; 61% office commercial; and 6% retail. The geographic mix was 22% West; 12% Midwest; 13% East; and 53% South.

The firm offers closed-end funds, direct separate accounts and customized investment programs.

Tax-exempt clients include the Texas Teachers, Massachusetts, Stanford and Warner Lambert.

The parent company is Invesco MIM; another subsidiary is MIM Property Services Ltd.

James Trowbridge is in charge of making property investments; David A. Ridley is the client contact.

JMB Institutional Realty

900 N. Michigan Ave., Chicago, Ill. 60611-1585; (312) 915-1900

Tax-exempt real estate assets	$11,338,000,000
Equity	$11,127,000,000
Hybrid debt	$211,000,000
Commingled or pooled funds	
Equity	$10,224,000,000
Hybrid debt	$211,000,000
Direct, separate accounts	
Equity	$903,000,000
Total real estate assets	$11,869,000,000
Equity	$11,658,000,000
Hybrid debt	$211,000,000

As of June 30, JMB Institutional Realty Corp. had $11.338 billion in U.S. institutional tax-exempt real estate assets, of which $10.574 billion was fully discretionary.

The tax-exempt equity assets had a market value of $10.213 billion as of June 30. Contributions received but not invested were $81 million; contributions committed but not received were $833 million.

Of the U.S. tax-exempt assets, $5.348 billion was invested in Canada and the United Kingdom as of June 30.

Of the total assets under management, $490 million was invested for non-U.S. pension funds.

The firm's affiliate, JMB Realty Corp., holds an additional $14.6 billion for taxable investors, not included in the totals above.

Of the U.S. tax-exempt assets, 97% was in existing and 3% in developmental properties. The property mix was 1.9% industrial; 3.8% multifamily housing; 26.3% office commercial; 51.7% retail; and 16.3% mixed-use. The geographic mix was 25.4% West; 18.2% Midwest; 37.3% East; and 19.1% South.

The firm offers closed-end commingled funds, separate accounts and direct investments.

Tax-exempt clients include Pennsylvania State Employes, Ameritech, Kamehameha Schools/Bishop Estate and Connecticut.

Jerome J. Claeys III is in charge of making property investments. Thomas S. Foster is client contact.

Jones Lang Wootton Realty Advisors

101 E. 52nd St., New York, N.Y. 10022; (212) 688-8181

Tax-exempt real estate assets	$2,250,000,000
Equity	$2,208,000,000
Hybrid debt	$42,000,000
Direct, separate accounts	
Equity	$2,208,000,000
Hybrid debt	$42,000,000
Total real estate assets	$2,250,000,000

As of June 30, Jones Lang Wootton Realty Advisors had $2.25 billion in U.S. institutional tax-exempt real estate assets, of which $661 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.337 billion as of June 30. Contributions committed but not received were $871 million.

All assets were invested in existing properties. The property mix was 30.3% residential/hotel; 5.1% industrial; 25.9% office commercial; 18.1% retail; and 20.6% in mixed use. The geographic mix was 9.6% West; 13.3% Midwest; 55.4% East; and 21.7% South.

The firm offers separate accounts and a closed-end commingled fund.

The JLWRA Europe Fund, a closed-end commingled fund, will invest in completed income-producing commercial properties in major European cities with established JLW Europe offices. Urban office and retail properties, suburban shopping centers and warehouse/distribution facilities will be targeted.

Tax-exempt clients include Pennsylvania School Employes, Wisconsin Investment Board, Illinois Teachers and U S WEST.

John Weisz, Charles Grossman, Frank Sullivan and Stephen Furnary are responsible for property investments; Stanislaw Maliszewski is client contact.

Karsten Realty Advisors

12121 Wilshire Blvd., Suite 900, Los Angeles, Calif. 90025; (213) 826-0035

Tax-exempt real estate assets	$1,111,000,000
Equity	$816,000,000
Mortgages	$295,000,000,
Commingled or pooled funds	
Equity	$137,000,000
Direct, separate accounts	
Equity	$678,000,000
Mortgages	$295,000,000
Total real estate assets	$1,231,000,000
Equity	$936,000,000
Mortgages	$295,000,000

As of June 30, Karsten Realty Advisors had $1.111 billion in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The tax-exempt equity assets had a market value of $741 million as of June 30; contributions committed but not received were $75 million.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 6% hotel/resort; 24% industrial; 7% multifamily housing; 42% office commercial; 15% retail; and 6% land. The geographic mix was 67.5% West; 9% Midwest; 4% East; and 19.5% South.

The firm offers separate accounts and a series of closed-end commingled funds.

Tax-exempt clients include AT&T; New York State Common Retirement Fund; Eastman Kodak and Nevada Public Employees.

Robert A. Feren is in charge of making property investments; A. Redmond Doms Jr. and Carl A. Mayer Jr. are client contacts.

Kennedy Associates Real Estate Counsel Inc.

2400 Financial Center Building, 1215 Fourth Ave., Seattle, Wash. 98161; (206) 623-4739

Tax-exempt real estate assets	$992,000,000
Equity	$727,000,000
Hybrid debt	$246,000,000
Mortgages	$19,000,000
Commingled or pooled funds	
Equity	$532,000,000
Hybrid debt	$137,000,000
Direct, separate accounts	
Equity	$195,000,000
Hybrid debt	$109,000,000
Mortgages	$19,000,000
Total real estate assets	$992,000,000

As of June 30, Kennedy Associates Real Estate Counsel Inc. had $992 million in U.S. institutional tax-exempt real estate assets, of which $198 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $523 million as of June 30. Contributions received but not invested totaled $204 million.

All assets were invested in existing properties. The property mix was 1% hotel/resort; 46% industrial; 51% office commercial; 1% retail; and 1% mixed use. The geographic mix was 40% West; 35% Midwest; 20% East; and 5% South.

The firm offers separate accounts, co-investments, an open-end fund, fixed-income, equity and account management.

The Multi-Employer Property Trust, an open-end commingled real estate equity fund, had $679 million in contributions from 103 tax-exempt institutions. The fund uses a forward commitment strategy for a diversified portfolio of high-quality commercial properties.

Tax-exempt clients include Alaska Permanent

In 1981, MetLife acquired the Midland Mall, a 500,000-square-foot shopping center in Warwick, Rhode Island for our Tower Fund, an open-ended equity real estate account. It was a good investment, a sound property in a steady market with excellent demographics.

But its layout was dated. Our market research showed that customers spent more time at a newer, larger mall right across the road.

So MetLife renovated, floor to ceiling, inside and out. Made the interiors brighter and more inviting. Added upscale, fashion-conscious tenants. Added thousands of square feet of new leasing space with kiosks and a food court. And we gave the mall a new name: The Rhode Island Mall. We repositioned it with an aggressive marketing campaign including local print and television.

Sales soared. And as our merchant tenants became more profitable, our investment became more valuable.

In 1989, MetLife sold the mall for the Tower Fund, achieving a 21% internal rate of return.

Our pension fund customers got a substantial financial gain, and the buyer got a handsomer, livelier and much more profitable mall.

The success is in the numbers.

For more information about Tower Fund, call Michael J. Walker, Assistant Vice-President, Pensions-Real Estate, Metropolitan Life Insurance Company, One Madison Avenue, New York, N.Y. 10010, (212) 578-3343.

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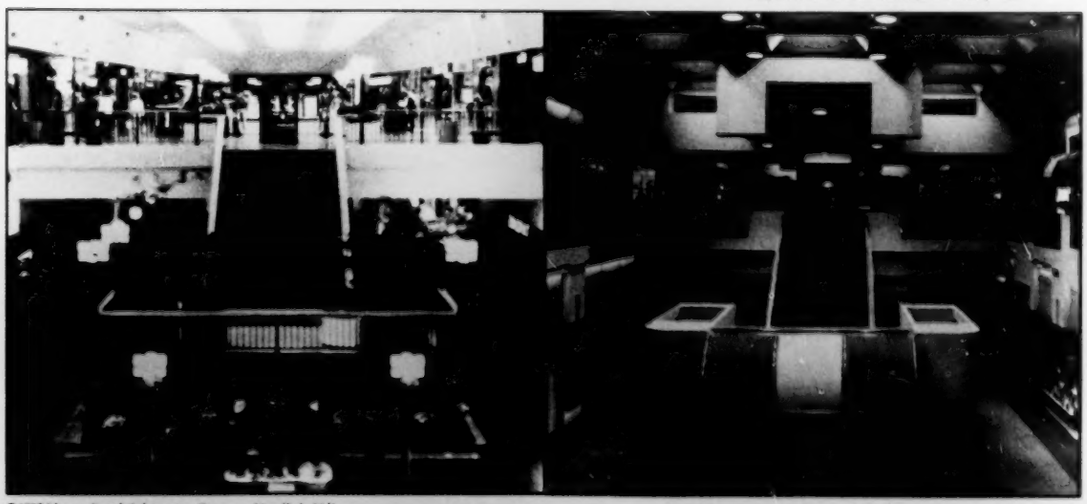

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Fund Painters and Allied Trades Massachusetts Bay Transit Authority and Plumbers and Pipefitters.

The parent company is York Trust Group Ltd PLC.

Jim Snyder is in charge of making property investments. Ronald Roberts is the client contact.

LaSalle Advisors Ltd.

11 S. LaSalle St., Chicago, Ill. 60603; (312) 782-5800

Tax-exempt real estate assets	$5,115,000,000
Equity	$5,115,000,000
Commingled or pooled funds	
Equity	$2,650,000,000
Direct, separate accounts	
Equity	$2,465,000,000
Total real estate assets	$5,115,000,000

As of June 30, LaSalle Advisors Ltd. had $5.115 billion in U.S. institutional tax-exempt real estate assets, of which $2.98 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $4.125 billion as of June 30. Contributions committed but not received were $990 million.

Of the U.S. tax-exempt assets, 95% were in existing properties and 5% in developmental properties. The property mix was 6% industrial, 79% office-commercial, and 15% retail. The geographic mix was 31% West, 26% Midwest, 26% East, and 17% South.

The firm offers a series of closed-end funds investing in core properties, a series of specialty closed-end commingled funds and separate accounts.

Clients include Bell Atlantic, Illinois Municipal, Public Service Gas & Electric and Virginia Supplemental.

The parent is LaSalle Partners Ltd.

Kenneth M. Campia is in charge of making property investments. Christopher J. Burke is client contact.

Latimer & Buck

121 S. Broad St., Philadelphia, Pa. 19107; (215) 985-3900

Tax-exempt real estate assets	$1,391,000,000
Equity	$268,000,000
Hybrid debt	$443,000,000
Mortgages	$680,000,000
Direct, separate accounts	
Equity	$268,000,000
Hybrid debt	$443,000,000
Mortgages	$680,000,000
Total real estate assets	$1,391,000,000

As of June 30, Latimer & Buck had $1.391 billion in U.S. institutional tax-exempt real estate assets, of which $700 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $268 million as of June 30.

Of the assets managed, 80% was in existing and 20% in developmental properties. The property mix was 3% hotel-resort, 7% industrial, 5% multifamily housing, 45% office-commercial, 8% retail, and 32% residential. The geographic mix was 3% West, 13% Midwest, 74% East, and 10% South.

The firm offers direct investments and separate accounts.

Tax-exempt clients include Pennsylvania Public School Employes and Pennsylvania State Employes.

The parent company is First Fidelity Bancorporation.

Richard J. Humphreys is in charge of making property investments. M. Andrew Sheffler is client contact.

Lehndorff & Babson Real Estate Counsel

2501 Cedar Springs, Suite 550, Dallas, Texas 75201; (214) 855-5630

Tax-exempt real estate assets	$1,830,000,000
Equity	$1,662,000,000
Hybrid debt	$168,000,000
Commingled or pooled funds	
Equity	$719,000,000
Hybrid debt	$139,000,000
Direct, separate accounts	
Equity	$943,000,000
Hybrid debt	$29,000,000
Total real estate assets	$3,673,000,000
Equity	$3,483,000,000
Hybrid debt	$190,000,000

As of June 30, Lehndorff & Babson Real Estate Counsel had $1.83 billion in U.S. institutional tax-exempt real estate assets, of which $858 million was fully discretionary.

The tax-exempt equity assets had a market value of $1.427 billion as of June 30. Contributions received but not invested were $40 million; contributions committed but not received were $195 million.

Of the total assets under management, $1.569 billion was invested for non-U.S. clients, including $98 million for pension funds.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 2.4% industrial, 56.2% office-commercial, 39.6% retail, and 1.8% land. The geographic mix was 22.1% West, 13.5% Midwest, 51.5% East, and 12.9% South.

The firm offers open- and closed-end funds and separate account management.

The Lehndorff & Babson Property Fund IV is a closed-end group trust fund, which is expected to close Dec. 31. Fund IV had $65.25 million from 12 participants as of June 30. Of that, $39 million had been received and invested, $13.75 million received but not invested, and $12.5 million committed but not yet received.

The Council of Real Estate Group Trust (CORE) is an open-end group trust that has $462 million from four participants. Of the total, $275.7 million has been received and invested and $186.5 million has been committed but not yet received.

The investment style for both funds focuses on co-investment in scarce or unique properties that are completed and leased with an opportunity to create value through active asset and property management.

Tax-exempt clients include Nevada Public Employees, Ford, San Francisco City & County and Southern California Food & Commercial Workers.

The parent company is the Lehndorff Group.

M. Thomas Lardner is in charge of making property investments. G. Andrews Smith is client contact.

Top 10 mortgage managers*

Firm	$ millions
McMorgan	1,100
Latimer & Buck	680
Aldrich, Eastman & Waltch	560
Union Labor Life	453
GE Investments	421
L.J. Melody	408
Aetna Life	370
AFL-CIO Housing Trust	319
Karsten Realty	295
Equitable Real Estate	276
Total	**4,882**

* Tax-exempt assets

McMorgan & Co.

201 Spear St., Suite 1700, San Francisco, Calif. 94105; (415) 777-9300

Tax-exempt real estate assets	$1,615,000,000
Equity	$260,000,000
Hybrid debt	$255,000,000
Mortgages	$1,100,000,000
Direct, separate accounts	
Equity	$260,000,000
Hybrid debt	$255,000,000
Mortgages	$1,100,000,000
Total real estate assets	$1,615,000,000

As of June 30, McMorgan & Co. had $1.615 billion in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The tax-exempt equity assets had a market value of $260 million as of June 30.

All properties are located in the West.

The firm offers separate accounts.

Dan O'Donnell is in charge of making property investments. William Sumner is the client contact.

The master trust directory will be published Oct. 1.

Mellon/McMahan Real Estate Advisors Inc.

444 Market St., Suite 2100, San Francisco, Calif. 94111; (415) 433-7770

Tax-exempt real estate assets	$995,000,000
Equity	$657,000,000
Hybrid debt	$338,000,000
Direct, separate accounts	
Equity	$657,000,000
Hybrid debt	$338,000,000
Total real estate assets	$1,060,000,000
Equity	$722,000,000
Hybrid debt	$338,000,000

As of June 30, Mellon McMahan Real Estate Advisors Inc. had $995 million in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The tax-exempt equity assets had a market value of $522 million as of June 30. Contributions committed but not received were $135 million.

Of the total assets under management, $40 million was invested for non-U.S. pension funds.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 29% industrial, 3% multifamily housing, 36% office-commercial, 31% retail, and 1% land. The geographic mix was 51% West, 19% Midwest, 12% East, and 18% South.

The firm offers separate accounts and closed-end funds.

The Mellon McMahan Pacific 2000 fund is a $50 million to $200 million, closed-end group trust expected to close Dec. 31. The fund has received $5 million in contributions to date. The investment strategy will focus on geographic, property type and tenant diversification. Investments will be made in institutional-quality retail, industrial and suburban office buildings in growth corridors of major metropolitan areas of California, Oregon and Washington. Newer, substantially leased properties in the $5 million to $40 million range will be sought.

Tax-exempt clients include Westinghouse, NYNEX, Southwestern Bell and Contra Costa County.

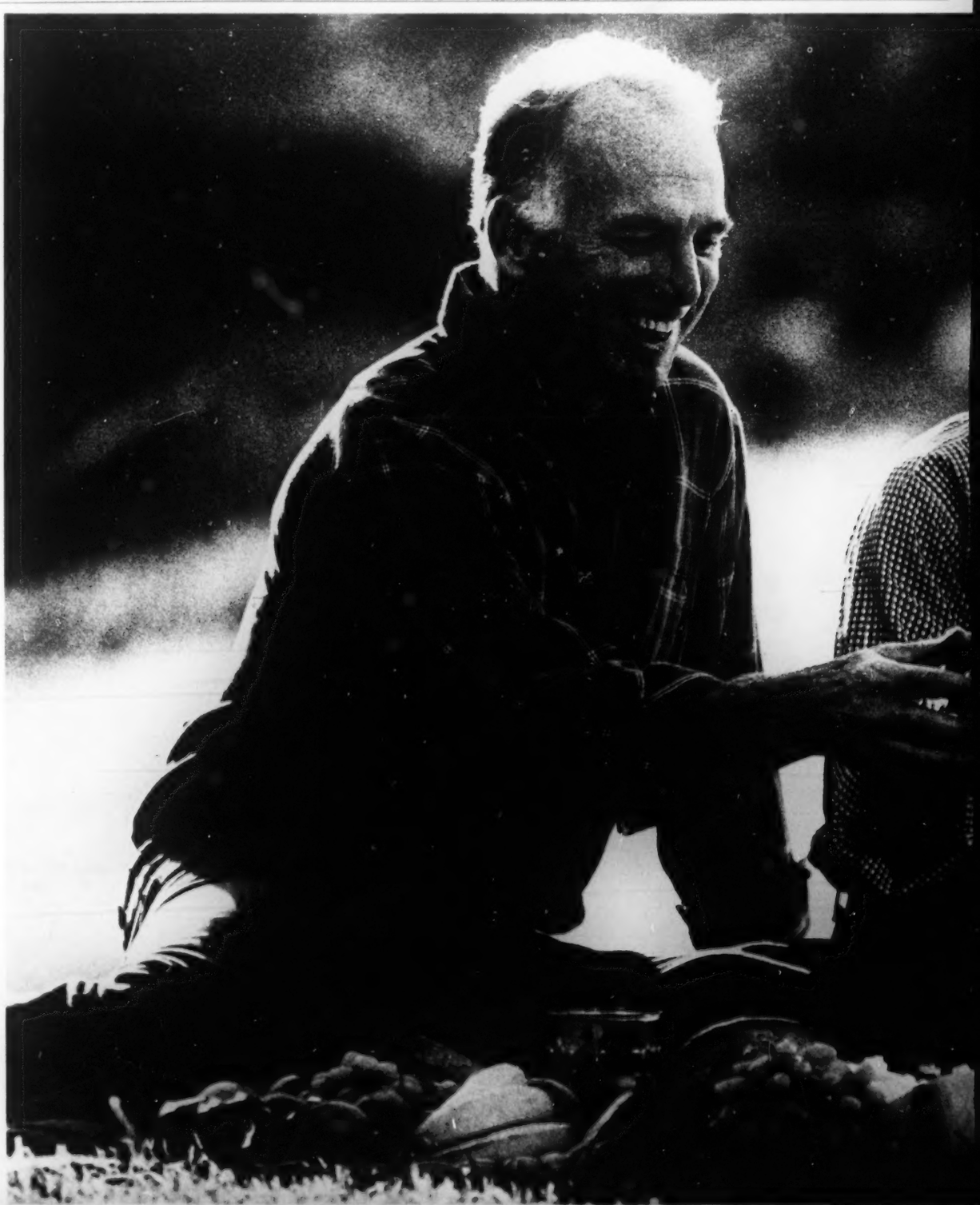
The parent company is Mellon Bank.

James H. Ida is in charge of making property investments. Linda Spackman is client contact.

L.J. Melody & Co.

5847 San Felipe, Suite 4400, Houston, Texas 77057 (713) 787-1900

Tax-exempt real estate assets	$922,000,000
Equity	$83,000,000
Hybrid debt	$431,000,000
Mortgages	$408,000,000
Direct, separate accounts	
Equity	$83,000,000



Hybrid debt	$431,000,000
Mortgages	$408,000,000
Total real estate assets	$2,521,000,000
Equity	$100,000,000
Hybrid debt	$890,000,000
Mortgages	$1,531,000,000

As of June 30, L.J. Melody & Co. had $922 million in total tax-exempt real estate assets. None was discretionary.

The tax-exempt equity assets had a market value of $17 million. Contributions committed but not received were $66 million.

All U.S. tax-exempt assets were in existing properties. The property mix was 5% multifamily housing; 45% office/commercial; 40% retail; and 10% mixed use. The geographic mix was 15% in the West; 5% in the Midwest; 5% in the East; and 75% in the South.

Robert D. Barkley is in charge of making property investments and is client contact.

Metric Institutional Realty Advisors

950 Tower Lane, Foster City, Calif. 94404; (415) 378-7000

Tax-exempt real estate assets	$616,000,000
Equity	$579,000,000
Hybrid debt	$21,000,000
Mortgages	$16,000,000
Commingled or pooled funds	
Equity	$218,000,000
Hybrid debt	$21,000,000
Mortgages	$16,000,000
Direct, separate accounts	
Equity	$361,000,000
Total real estate assets	$2,370,000,000
Equity	$2,333,000,000
Hybrid debt	$21,000,000
Mortgages	$16,000,000

As of June 30, Metric Institutional Realty Advisors had $616 million in U.S. institutional tax-exempt real estate assets, of which $304 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $211 million as of June 30. Contributions committed but not received were $368 million.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 14% industrial; 40% multifamily housing; 22% office/commercial; 24% retail. The geographic mix was 24% West; 17% Midwest; 5% East; and 54% South.

The firm offers close-end funds, co-investment programs and advisory accounts.

Metric Institutional Apartment Fund II, a closed-end fund with an anticipated closing date of June 30, 1991, has $10 million committed but not received from one institutional investor. MIAF II expects to invest in institutional-quality garden-style apartment properties up to 5 years old; up to 50% of the assets may be committed to projects under construction or to be built. Such properties will be safeguarded by funding on completion with seller guarantees or leasebacks or with earn-up or holdback provisions. Properties will be purchased 100% cash.

Tax-exempt clients include Alaska Permanent Fund, California Public Employees, San Francisco City & County Employees and Pennsylvania State Employes.

The parent company is Metric Realty/Metropolitan Life. A subsidiary is Metric Realty Services.

W. Patrick McDowell, is in charge of making property investments; Robert A. Fiddman is client contact.

Metropolitan Life Insurance

1 Madison Ave., New York, N.Y. 10010; (212) 578-3343

Tax-exempt real estate assets	$1,206,000,000
Equity	$1,148,000,000
Mortgages	$58,000,000
Commingled or pooled funds	
Equity	$807,000,000
Mortgages	$58,000,000
Direct, separate accounts	
Equity	$341,000,000
Total real estate assets	$24,809,000,000
Equity	$11,659,000,000
Mortgages	$13,150,000,000

As of June 30, Metropolitan Life Insurance Co. had $1.206 billion in U.S. institutional tax-exempt real estate assets, of which $1.18 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $975 million as of June 30. Contributions received but not invested were $123 million; contributions committed but not received were $50 million.

As of March 31, Metropolitan Life had $574 million invested for Japanese pension funds.

Of the U.S. tax-exempt assets, 98.4% was in existing properties and 1.6% in developmental properties. The property mix was 2% hotel/resort; 11% industrial; 16% multifamily housing; 37% office/commercial; 15% retail; 17% research and development; and 2% land. The geographic mix was 37% West; 17% Midwest; 20% East; and 26% South.

The firm offers open-end commingled funds and individual separate accounts.

The Tower Fund is an open-end fund with $288 million in contributions received and invested and $99 million in contributions received but not invested. Properties are wholly owned, completed and substantially leased, ranging in value from $10 million to $30 million at acquisition. Portfolios are limited to a maximum of 75 properties to facilitate active management.

The Defined Contribution Real Estate Fund (DCRE) is an open-end fund with $87 million in contributions received and invested and $9 million received but not invested. The fund primarily acquires well-leased, unleveraged properties ranging in value from $5 million to $15 million, with larger properties to be acquired as account assets increase. The fund acquires apartments, retail, industrial and R&D properties nationwide.

Tax-exempt clients include Eastman Kodak, Hawaii Employees, Oregon Public Employes and the United Mine Workers.

Non-U.S. partners for investments in U.S. real estate include 22 major Japanese financial institutions.

Subsidiaries include Century 21, Metric Institutional Realty Advisors, Metmor Financial Inc., Cross & Brown and Farmers National Co.

James Digney is in charge of making property investments; Michael J. Walker is the client contact.

MIG Cos.

1645 Palm Beach Lakes Blvd., Suite 600, West Palm Beach, Fla. 33401; (407) 686-1800

Tax-exempt real estate assets	$1,237,000,000
Equity	$636,000,000
Hybrid debt	$406,000,000
Mortgages	$195,000,000
Commingled or pooled funds	
Equity	$490,000,000
Direct, separate accounts	
Equity	$146,000,000
Hybrid debt	$406,000,000
Mortgages	$195,000,000
Total real estate assets	$1,237,000,000

As of June 30, MIG Cos. had $1.237 billion in U.S. institutional tax-exempt real estate assets, of which $491 million was fully discretionary.

The tax-exempt equity assets had a market value of $621 million as of June 30. Contributions received but not invested were $15 million.

Of the U.S. tax-exempt assets, 89% was in existing and 11% in developmental properties. The property mix was 9% hotel/resort; 9% industrial; 29% multifamily housing; 27% office/commercial; 24% retail; and 2% other. The geographic mix was 26% West; 40% Midwest; 12% East; and 22% South.

The firm offers closed-end funds and direct, separate accounts.

Tax-exempt clients include Detroit Policemen & Firemen, Detroit General Retirement System, Allied-Signal and Philadelphia Board of Pensions & Retirement.

Subsidiaries of the firm include Graistone and MIG Realty Investors.

Larry Wright is in charge of making property investments and is the client contact.

J.P. Morgan Investment Management Inc.

522 Fifth Ave., New York, N.Y. 10036; (212) 837-1260

Tax-exempt real estate assets	$2,125,000,000
Equity	$606,000,000
Hybrid debt	$1,519,000,000
Commingled or pooled funds	
Equity	$515,000,000
Hybrid debt	$1,390,000,000
Direct, separate accounts	
Equity	$91,000,000
Hybrid debt	$129,000,000
Total real estate assets	$2,256,000,000
Equity	$660,000,000
Hybrid debt	$1,596,000,000

As of June 30, J.P. Morgan Investment Management Inc. had $2.125 billion in U.S. institutional tax-exempt real estate assets, of which $2.015 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $281 million as of June 30. Contributions received but not invested were $277 million; contributions committed but not received were $48 million.

Of the total assets under management, $131 million was invested for non-U.S. clients.

Of the U.S. tax-exempt assets, 85% was in existing properties and 15% in developmental properties. The property mix was 2% hotel/resort; 22% industrial; 1% multifamily housing; 40% office/commercial; and 35% retail. The geographic mix was 5% West; 13% Midwest; 64% East; and 18% South.

The firm offers an open-end fund and direct separate accounts.

The Real Estate Fund had $1.416 billion in contributions received and invested; $477 million in contributions received but not invested; and $11 million in contributions committed but not received, on behalf of 162 institutions. The fund invests in urban and suburban offices, regional shopping centers and industrial/research and development buildings; investments typically range between $25 million and $50 million. In addition, about 3% of the fund's assets is invested in the shares of companies involved in the ownership and development of income-producing property.

The parent company is J.P. Morgan & Co.

Timothy J. Heise is in charge of making property investments; Erling Asheim is client contact.

NCNB National Bank

1 NCNB Plaza, T10-10, Charlotte, N.C. 28255; (704) 374-5152

Tax-exempt real estate assets	$847,000,000
Equity	$781,000,000
Hybrid debt	$66,000,000
Commingled or pooled funds	
Equity	$537,000,000
Hybrid debt	$60,000,000
Direct, separate accounts	
Equity	$244,000,000
Hybrid debt	$6,000,000
Total real estate assets	$847,000,000

As of June 30, NCNB National Bank had $847 million in U.S. institutional tax-exempt real estate assets, of which $804 million was fully discretionary.

The tax-exempt equity assets had a market value of $781 million as of June 30.

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Of the U.S. tax-exempt assets, $25 million was invested in the United Kingdom as of June 30. Fifty-nine percent of the assets were in existing and 41% in developmental properties. The property mix was 2.5% multifamily housing; 57.5% office/commercial; and 40% land. All of the properties were in the South.

The firm offers an open-end fund, the NCNB Real Estate Fund, and separate accounts.

The parent company is NCNB Corp.

Floyd T. Boyce is in charge of making property investments; James K. Rhea III and K. Nick Kinney are the client contacts for Southeast and Southwest regions, respectively.

Public funds will be highlighted in the Oct. 29 issue.

The O'Connor Group

200 Park Ave., New York, N.Y. 10166; (212) 687-7420

Tax-exempt real estate assets	$1,769,000,000
Equity	$1,644,000,000
Hybrid debt	$125,000,000
Commingled or pooled funds	
Equity	$761,000,000
Direct, separate accounts	
Equity	$883,000,000
Hybrid debt	$125,000,000
Total real estate assets	$2,112,000,000
Equity	$1,988,000,000
Hybrid debt	$124,000,000

As of June 30, The O'Connor Group had $1.769 billion in U.S. institutional tax-exempt real estate assets, of which $900 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.204 billion as of June 30. Contributions received but not invested were $90 million; contributions committed but not received were $350 million.

Of the U.S. tax-exempt assets, 98% was in existing and 2% in developmental properties. The property mix was 7% industrial; 53% office/commercial; and 40% retail. The geographic mix was 26% West; 33% Midwest; 10% East; and 31% South.

The firm offers closed-end funds and separate accounts.

The Retail Property Trust, a REIT, will concentrate on acquisitions of large retail properties.

Clients include AT&T, Bell Atlantic, California Teachers and New York State Common.

Nomura Real Estate USA is a non-U.S. partners for investments in U.S. real estate.

Glenn Rufrano, Benjamin Gifford and J.W. O'Connor are in charge of making property investments; Nancy I. Lashine is the client contact.

Phoenix Mutual Life Insurance Co.

1 American Row, Hartford, Conn. 06115; (203) 275-5302

Tax-exempt real estate assets	$502,000,000
Equity	$202,000,000
Hybrid debt	$300,000,000
Commingled or pooled funds	
Equity	$202,000,000
Hybrid debt	$225,000,000
Direct, separate accounts	
Hybrid debt	$75,000,000
Total real estate assets	$2,502,000,000
Equity	$852,000,000
Hybrid debt	$450,000,000
Mortgages	$1,200,000,000

As of June 30, Phoenix Mutual Life Insurance had $502 million in U.S. institutional tax-exempt real estate assets, all fully discretionary.

The tax-exempt equity assets had a market value of $160 million as of June 30 and contributions committed but not received of $42 million.

All of the U.S. tax-exempt assets were developmental properties. The property mix was 19% industrial; 41% multifamily housing; 27% office/commercial and 13% retail. The geographic mix was 32% West; 33% Midwest; 23% East; and 12% South.

The firm offers open-end and closed-end funds and separate accounts.

The open-end Real Estate Separate Account has 48 properties with more than $351 million in office, industrial, apartment and retail properties.

Clients include Connecticut, Virginia, Eastman Kodak and Pirelli Armstrong.

Waldemar Bazenas is in charge of making property investments; James S. Carter is client contact.

Piedmont Realty Advisors

650 California St., 22nd Floor, San Francisco, Calif. 94108; (415) 433-4100

Tax-exempt real estate assets	$422,000,000
Equity	$162,000,000
Hybrid debt	$260,000,000
Direct, separate accounts	
Equity	$162,000,000
Hybrid debt	$260,000,000
Total real estate assets	$422,000,000

As of June 30, Piedmont Realty Advisors had $422 million in U.S. institutional tax-exempt real estate assets, all fully discretionary.

The tax-exempt equity assets had a market value of $162 million.

Of the U.S. tax-exempt assets, 95% was in existing and 5% in developmental properties. The property mix was 25% industrial; 9% multifamily housing; 51% office/commercial; 11% retail; and 4% land. The geographic mix was 46% West; 47% Midwest; and 7% South.

The firm offers separate accounts, co-investments and direct accounts.

Clients include Illinois Municipal, Chicago Transit Authority, Ameritech and San Diego County.

Robert H. Zerbst is in charge of making property investments; Don Jackson is the client contact.

Property Capital Associates

1 Post Office Square, Boston, Mass. 02109; (617) 451-2400

Tax-exempt real estate assets	$854,000,000
Equity	$854,000,000
Commingled or pooled funds	
Equity	$751,000,000
Direct, separate accounts	
Equity	$103,000,000
Total real estate assets	$854,000,000

As of June 30, Property Capital Associates had $854 million in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The tax-exempt equity assets had a market value of $735 million as of June 30. Contributions committed but not received were $119 million.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 6% hotel/resort; 6% industrial; 17% multifamily housing; 50% office/commercial; and 21% retail. The geographic mix was 26% West; 27% Midwest; 28% East; and 19% South.

The firm offers closed-end funds, co-investments, direct investments and separate accounts.

Tax-exempt clients include Maine State Retirement, Allied Signal, Eastman Kodak and Harvard.

Anthony D. Fox is in charge of making property investments; Gary R. Schwandt is client contact.

Prudential Real Estate Investors

3 Prudential Plaza, 751 Broad St., Newark, N.J. 07102-3777; (201) 802-8462

Tax-exempt real estate assets	$5,489,000,000
Equity	$5,219,000,000
Hybrid debt	$125,000,000
Mortgages	$145,000,000
Commingled or pooled funds	
Equity	$4,579,000,000
Hybrid debt	$75,000,000
Mortgages	$145,000,000

Managers with non-U.S. clients

Firm	$ millions
Yarmouth Group	3,220
Eastdil Realty	2,723
Equitable Real Estate	2,497
CGR Advisors	1,960
Corporate Property Investors	1,900
Lehndorff & Babson	1,569
Schroder Real Estate	800
Baring Institutional Realty	736
Metropolitan Life	574
Boston Co. Real Estate	536
JMB Institutional Realty	490
RREEF Funds	457
Jacques & Kurdziel	450
Chesterton International	405
Aetna Life	340
PSI Institutional Realty	210
Citicorp Real Estate	176
AMB Institutional Realty	157
J.P. Morgan Investment	131
Dusco	114
Loeb Partners Realty	100
Balcor	44
Aldrich, Eastman & Waltch	25
Mellon/McMahan Real Estate	25
American Agricultural Investment	9
FFCA Institutional Advisors	4
Morguard Investments	2
Total	19,654

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West Palm Beach, Florida 33401
(407) 686-1800

Direct, separate accounts
Equity $640,000,000
Hybrid debt $50,000,000
Total real estate assets $39,035,000,000
Equity $13,539,000,000
Hybrid debt $218,000,000
Mortgages $25,278,000,000

As of June 30, Prudential Real Estate Investors had $5.489 billion in U.S. institutional tax-exempt real estate assets, of which $5.397 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $4.551 billion as of June 30. Contributions received but not invested were $524 million; contributions committed but not received were $144 million.

Of the U.S. tax-exempt assets, 99.9% was in existing and 0.1% in developmental properties. The property mix was 9.3% hotel/resort; 16.7% industrial; 13.3% multifamily housing; 38.8% office/commercial; 21.4% retail; and 0.5% in land and agriculture. The geographic mix was 33.7% West; 16.6% Midwest; 36.2% East; and 13.5% South.

The firm offers open- and closed-end funds and separate accounts.

The Prudential Property Investment Separate Account is an open-end fund, with net assets of $3.436 billion and cash of $367 million for 194 clients. The fund is a broadly diversified core real estate portfolio that invests in completed, well-leased real estate equity.

The Strategic Performance Fund I is a closed-end fund with $23 million in net assets and $77 million in commitments not yet received from five clients. The anticipated closing date is May 1991. The fund will acquire existing and to-be-completed apartment, industrial and office properties in markets identified as having superior growth potential.

The Union Mortgage Account is an open-end account with net assets of $136 million and cash of $37 million for 27 clients. The fund invests primarily in fixed-rate mortgages and construction loans on properties using 100% union labor.

Clients include Colorado Employees, Chevron, Florida and the Western Conference of Teamsters.

The parent company is Prudential Insurance Co. of America.

Claude Zinngrade is in charge of making property investments; Les Lockwood is the client contact.

PSI Institutional Realty

1015 Grandview Ave., Glendale, Calif. 91201; (818) 244-8080

Tax-exempt real estate assets .. $758,000,000
Equity $758,000,000
Commingled or pooled funds
Equity $467,000,000
Direct, separate accounts
Equity $291,000,000
Total real estate assets $3,233,000,000
Equity $2,950,000,000
Mortgages $283,000,000

As of June 30, PSI Institutional Realty had $758 million in U.S. institutional tax-exempt real estate assets, none of which was fully discretionary.

The tax-exempt equity assets had a market value of $634.4 million as of June 30. Contributions received but not invested were $31 million; contributions committed but not received were $93.1 million.

Of the U.S. tax-exempt assets, $8.7 million was invested in Canada.

Of the total assets under management, $209.9 million was invested for non-U.S. clients, including $47.6 million for pension funds.

All of the U.S. tax-exempt assets were in developmental properties and all were in self-storage facilities. The geographic mix was 44% West; 24% Midwest; 24% East; and 8% South.

The firm offers closed-funds and separate accounts.

Tax-exempt clients include Ameritech, Connecticut, Ford and Los Angeles County.

The parent company is Public Storage Inc. Subsidiaries of the firm or the parent company are Public Storage Management Inc., PSI Institutional Realty Advisors Inc. and Public Storage Institutional Realty Advisors Inc.

Hugh Horne is in charge of making property investments; Thomas J. Mizo is the client contact.

The RREEF Funds

650 California St., Suite 1800, San Francisco, Calif. 94108; (415) 781-3300

Tax-exempt real estate assets .. $4,045,000,000
Equity $3,985,000,000
Hybrid debt $60,000,000
Commingled or pooled funds
Equity $3,017,000,000
Direct, separate accounts
Equity $968,000,000
Hybrid debt $60,000,000
Total real estate assets $4,115,000,000
Equity $4,055,000,000
Hybrid debt $60,000,000

As of June 30, The RREEF Funds had $4.045 billion in U.S. institutional tax-exempt real estate assets, of which $3.367 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $3.287 billion as of June 30. Contributions received but not invested were $117 million; contributions committed but not received were $581 million.

Of the U.S. tax-exempt assets, $67 million was invested in Canada as of June 30.

Of the total assets, $457 million was invested for non-U.S. pension funds.

Of the U.S. tax-exempt assets, 97% was in existing and 3% in developmental properties. The property mix was 27% industrial; 2% multifamily housing; 36% office/commercial; and 35% retail. The geographic mix was 42% West; 23% Midwest; 19% East; and 16% South.

The firm offers closed-end core and specialized funds and separate accounts.

The RREEF Apartment Fund I has an anticipated closing of Nov. 30. Contributions received and invested total $58 million and contributions committed but not received total $31 million. There are 11 participants. The fund will total $125 million on completion; its object is to acquire a nationally diversified portfolio of quality apartment buildings in selected major metropolitan areas. All properties will be completed and substantially occupied at acquisition. The maximum amount of leverage will be 20%. RREEF expects to manage all properties.

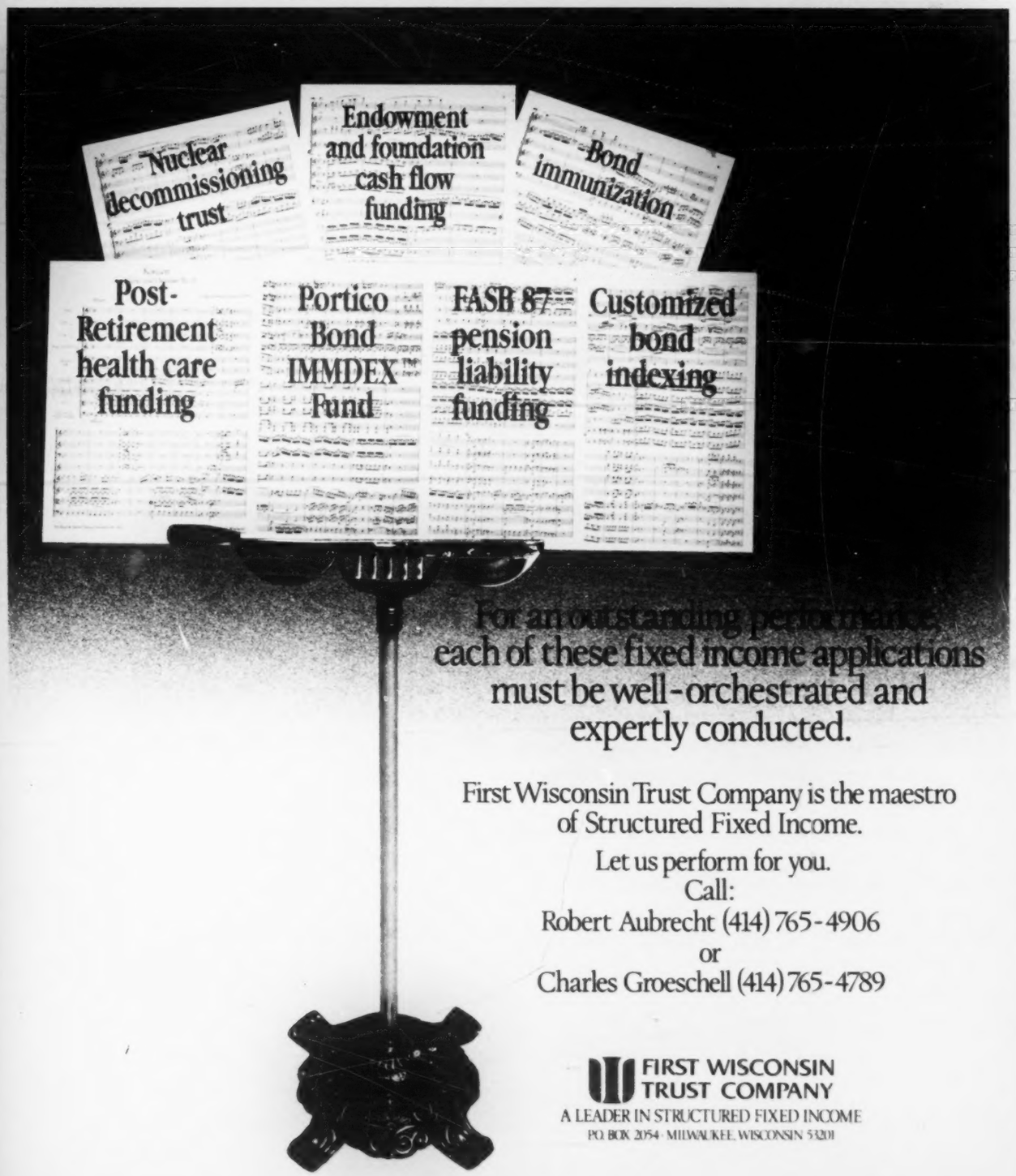
Clients include AT&T, Illinois State Universities and Shell Oil.

James D. King and Patrick J. Callan are responsible for making property investments; Steven M. Steppe is client contact.

Schroder Real Estate Associates

437 Madison Ave., New York, N.Y. 10022; (212) 486-9800

Tax-exempt real estate assets .. $500,000,000
Equity $500,000,000
Commingled or pooled funds
Equity $400,000,000
Direct, separate accounts
Equity $100,000,000
Total real estate assets $1,300,000,000
Equity $1,300,000,000



As of June 30, Schroder Real Estate Associates had $500 million in U.S. institutional tax-exempt real estate assets, of which $300 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $400 million as of June 30. Contributions committed but not received were $100 million.

Of the total assets under management, $800 million was invested for non-U.S. clients, including $400 million for pension funds.

All of the U.S. tax-exempt assets are in existing properties. The property mix was 11% industrial, 27% office/commercial, and 62% retail. The geographic mix was 34% West, 31% East, and 35% South.

The firm offers closed-end funds, co-investment and separate accounts.

The Schroder Real Estate Value-Enhancement Fund B is due to close in the fourth quarter of 1990. The fund has received commitments of $100 million from six clients. The fund is designed to deliver 8% to 12% inflation-adjusted real returns per annum by opportunistically acquiring underperforming retail, office and industrial properties with significant add-value potential. The fund also will subsidize intense property construction management including expansion, renovation, modernization and re-merchandising.

Clients include Eastman Kodak, Ameritech, Philip Morris and the New York State Common Fund.

Norman L. Peck is in charge of making property investments; John Emmanuel and Linda Wooldridge are the client contacts.

Sentinel Real Estate Corp.

1290 Avenue of the Americas, New York, N.Y. 10104; (212) 408-2900

Tax-exempt real estate assets	$1,717,000,000
Equity	$1,717,000,000
Commingled or pooled funds	
Equity	$965,000,000
Direct, separate accounts	
Equity	$752,000,000
Total real estate assets	$2,039,000,000
Equity	$2,039,000,000

As of June 30, Sentinel Real Estate Corp. had $1.717 billion in U.S. institutional tax-exempt real estate assets, of which $1.417 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.358 billion as of June 30 and contributions committed but not received were $359 million.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 1% industrial; 88% multifamily housing; 4% office/commercial; and 7% retail. The geographic mix was 38% West; 11% Midwest; 7% East; and 44% South.

The firm offers open- and closed-end funds and separate account management.

SRE Real Estate Fund is an open-end fund with $846 million received from 107 clients. The fund acquires garden apartment, office, retail and industrial properties in the $5 million to $25 million range with high current income and potential to enhance value through property management.

SRE Realty Partners II is a closed-end fund with $16 million from five investors. The fund will acquire new apartment properties in the $5 million to $20 million range with a potential for capital appreciation and value enhancement. The fund is expected to close in December 1990.

SRE Realty Partners III is a closed-end fund, with $10 million from three investors. The limited partnership acquires residential, commercial, industrial and other properties in the $3 million to $15 million range, which, because of location, offer the potential for significant capital appreciation through a change in density or use or in redevelopment.

Clients include Alaska, Ford, Michigan and Maryland.

John Streicker is in charge of making property investments and is the client contact.

Tax-exempt assets in non-U.S. property

Firm	$ millions
JMB Institutional Realty	5,348
RREEF Funds	67
GE Investments	36
NCNB National	25
PSI Institutional Realty	9
Angeles Institutional	6
Total	5,491

State Street Bank & Trust

225 Franklin St., Boston, Mass. 02110; (617) 654-3953

Tax-exempt real estate assets	$500,000,000
Equity	$300,000,000
Hybrid debt	$200,000,000
Commingled or pooled funds	
Equity	$300,000,000
Hybrid debt	$200,000,000
Total real estate assets	$500,000,000

As of June 30, State Street Bank & Trust Co. had $500 million in U.S. institutional discretionary tax-exempt real estate assets. All were managed on its behalf by Aldrich, Eastman & Waltch in a series of commingled funds. See listing for Aldrich, Eastman & Waltch for a description of the investment strategy of the commingled fund series. To avoid double-counting, State Street's assets are not included in aggregate statistics published in this directory.

Clients include CBS, GTE, World Bank and Wisconsin Electric.

The parent company is State Street Boston Corp.

Robert E. Kilroy is in charge of making property investments; Peter E. Braun is the client contact.

TCW Realty Advisors

400 S. Hope St., Suite 600, Los Angeles, Calif. 90071-2899; (213) 683-4200

Tax-exempt real estate assets	$3,904,000,000
Equity	$3,269,000,000
Hybrid debt	$635,000,000
Commingled or pooled funds	
Equity	$1,812,000,000
Hybrid debt	$419,000,000
Direct, separate accounts	
Equity	$1,457,000,000
Hybrid debt	$216,000,000
Total real estate assets	$3,904,000,000

As of June 30, TCW Realty Advisors had $3.90 billion in U.S. institutional tax-exempt real estate assets, of which $2.211 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $2.999 billion as of June 30. Contributions received but not invested were $5 million; contributions committed but not received were $265 million.

Of the U.S. tax-exempt assets, 98% was in existing and 2% in developmental properties. The property mix was 31% industrial; 40% office/commercial; 24% retail; and 5% urban land. The geographic mix was 56% West; 12% Midwest; 24% East; and 8% South.

The firm offers direct, separate accounts and closed-end funds.

TCW Realty Fund VI is scheduled to close Sept. 30. Contributions received and invested totaled $4 million; contributions received but not invested were $5 million; and contributions committed not received were $265 million from 32 clients. The fund is structured as a parallel closed-end self-liquidating limited partnership and group trust. The portfolio is diversified by geographic region and property type. The fund acquires existing, income producing office, industrial distribution, research and development and shopping center properties in cities that possess the strongest economic foundations.

Clients include California Teachers, Pacific Telesis, McDonnell-Douglas and New York State Common Fund.

The firm is a joint venture with the Trust Company of the West.

William K. Krauch is in charge of making property investments; Bruce L. Ludwig is the client contact.

Trammell Crow Realty Advisers

3500 Trammel Crow Center, 2001 Ross Ave., Dallas, Texas 75201-2997; (214) 979-5100

Tax-exempt real estate assets	$1,750,000,000
Equity	$1,750,000,000
Commingled or pooled funds	
Equity	$1,300,000,000
Direct, separate accounts	
Equity	$450,000,000
Total real estate assets	$17,300,000,000
Equity	$17,300,000,000

As of June 30, Trammell Crow Realty Advisers had $1.75 billion in U.S. institutional tax-exempt real estate assets, of which $1.35 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.05 billion as of June 30. Contributions committed but not received were $700 million.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 3% hotel/resort; 3% industrial; 86% office/commercial; 6% retail; and 2% land. The geographic mix was 25% West; 4% Midwest; 46% East; and 25% South.

The firm has invested in S&L/thrift properties.

The firm offers close-end funds, co-investments and separate accounts.

Tax-exempt clients include Ameritech, du Pont, GM and the State of Michigan.

Subsidiaries are Trammell Crow Co., Trammell Crow Residential, Trammell Crow Interests and Trammell Crow Ventures.

Thomas J. O'Gara is in charge of making property investments; Carter Creech is client contact.

The Union Labor Life Insurance Co.

111 Massachusetts Ave. N.W., Washington, D.C. 20001; (202) 682-0900

Tax-exempt real estate assets	$453,000,000
Mortgages	$453,000,000
Commingled accounts	
Mortgages	$453,000,000
Total real estate assets	$453,000,000

As of June 30, The Union Labor Life Insurance Co. had $453 million in U.S. institutional tax-exempt real estate assets, of which $34 million was in fully discretionary accounts.

All of the U.S. tax-exempt assets were in developmental properties. The property mix was 10.6% hotel/resort; 31.8% industrial; 0.6% multifamily housing; 36.5% office/commercial; 20% retail; and 0.5% restaurants. The geographic mix was 32% West; 33.8% Midwest; 27.3% East; and 6.9% South.

Separate Account J ("J for Jobs") is an open-end fund with $453 million for 177 clients. The fund invests in a diversified mortgage portfolio and seeks to provide a means of reversing unfavorable trends in unemployment by stimulating the construction industry and union construction jobs.

The parent company is ULLICO Inc.

Property investments are made by committee; John E. Stephan is the client contact.

Foreign exchange: Oct. 15.

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Shari L. Meanor - VP
Patricia A. Bruno - Asst. VP
Karen E. Honeywell - Director Mktg.
Cynthia D. Wood - Senior Mktg. Manager
Nancy G. Wright - Operations Manager
Samantha Stephenson - Admin. Assistant

10 Liberty Square, Boston, Massachusetts 02109
617-426-3409

Farmland

Continued from page 23
with a target of $100 million.

Joyce Niggley, vice president with Equitable Agri-Business Inc., Atlanta, said an unidentified corporate pension fund committed $20 million to The Equitable Agricultural Property Fund, a closed-end vehicle with a goal of $100 million.

John Hancock Financial Services, Boston, recently introduced ACRE 2000, its investment program for farmland. Although ACRE 2000's investment structure is flexible, the firm is suggesting a separate account arrangement, said Julie Koeninger, assistant agriculture investment officer.

The argument for investing in farmland is growing. Barton M. Biggs, chairman of Morgan Stanley Asset Management, New York, is telling investors, "Buy a farm and get rich slowly."

"We estimate investors will achieve net income returns of 6% to 8% on farm properties this year," Mr. Biggs wrote in a Morgan Stanley report.

For the five years ended March 31, Owens-Illinois' return on its farmland investment was a compound annualized −6.9%, Mr. Boller said. "As you come more current, it goes to 1.8% for three years, which is a heck of a lot better," he said. The return on investment for the 18 months ended the first quarter was 3.1%, and for the 12 months, 1.9%.

According to Ibbotson Associates, Chicago, from 1960 to 1988, farm real estate generated a compound annual rate of return of 9.67%, compared with 8.81% for commercial real estate, 9.62% for the Standard & Poor's 500 Stock Index and 6.57% for the Shearson Lehman Hutton Government/Corporate Bond Index. ■

— Finance editor Marcia Parker contributed to this story.

Wells Fargo Realty Advisors

595 Market St., 15th Floor, San Francisco, Calif. 94105-2824; (415) 396-6222

Tax-exempt real estate assets	$1,316,000,000
Equity	$78,000,000
Hybrid debt	$1,237,000,000
Mortgages	$1,000,000
Commingled or pooled funds	
Equity	$78,000,000
Hybrid debt	$140,000,000
Mortgages	$1,000,000
Direct, separate accounts	
Hybrid debt	$1,097,600,000
Total real estate assets	$1,401,000,000
Equity	$291,000,000
Hybrid debt	$1,109,000,000
Mortgages	$1,000,000

As of June 30, Wells Fargo Realty Advisors had $1.316 billion in U.S. institutional tax-exempt real estate assets, of which $901 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $68 million as of June 30. Contributions received but not invested were $10 million.

Of the U.S. tax-exempt assets, 15% was in existing and 85% in developmental properties. The property mix was 21% industrial; 5% multifamily housing; 21% office/commercial; 44% retail; and 9% land. The geographic mix was 73% West; 7% Midwest; 16% East; and 4% South.

The firm offers open-end commingled funds and separate accounts.

Wells Fargo Real Estate Equity Fund is an open-end fund with $185 million in contributions received and invested and $10 million in contributions received but not invested from 150 participants. The strategy emphasizes development-oriented transactions and opportunities where existing real estate can be upgraded, expanded or renovated. Transactions are typically structured as either developmental joint ventures or developmental participating mortgages.

Tax-exempt clients include Ohio Employees, GM, IBM and Frank Russell Trust.

The parent company is Wells Fargo & Co.

Doug Hayek is in charge of making property investments; J. Michael Johnson is the client contact.

The Yarmouth Group Inc.

Swiss Bank Tower, 10 E. 50th St., New York, N.Y. 10022; (212) 355-4810

Tax-exempt real estate assets	$4,290,000,000
Equity	$3,880,000,000
Hybrid debt	$410,000,000
Commingled or pooled funds	
Equity	$220,000,000
Direct, separate accounts	
Equity	$3,660,000,000
Hybrid debt	$410,000,000
Total real estate assets	$7,510,000,000
Equity	$7,100,000,000
Hybrid debt	$410,000,000

As of June 30, The Yarmouth Group Inc. had $4.29 billion in U.S. institutional tax-exempt real estate assets, of which $2.16 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $2.34 billion as of June 30. Contributions committed but not received were $1.54 billion.

Of the total assets under management, $3.22 billion was invested for non-U.S. clients, including $770 million for pension funds.

Of the U.S. tax-exempt assets, 97% was in existing and 3% in developmental properties. The property mix was 4% hotel/resort; 1% industrial; 67% office/commercial; and 28% retail. The geographic mix was 39% West; 11% Midwest; 42% East; and 8% South.

The firm offers separate accounts and close-end funds.

Tax-exempt clients include New York Common Retirement Fund, RJR Nabisco, Kentucky and Southern California Edison.

Evan H. Heller is in charge of making property investments; David R. Hodes is the client contact.

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in Las Vegas, Nevada

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CF Management Corp.
10960 Wilshire Boulevard, Suite 2000
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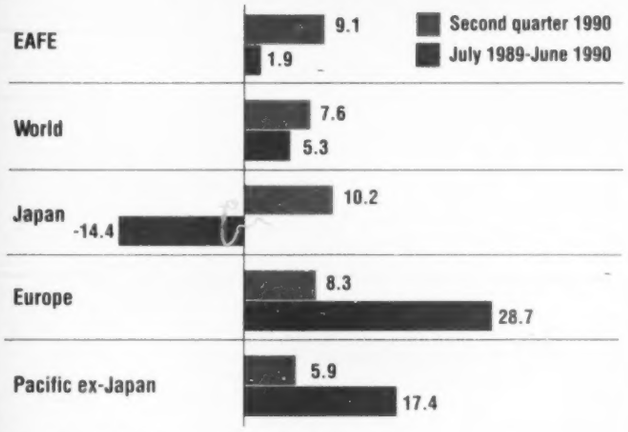
The bottom line is exceptional real estate.

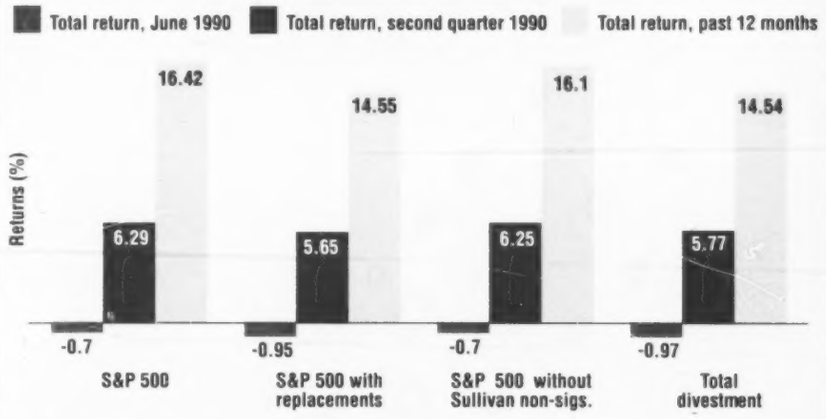
Morgan Stanley Capital International worldwide indexes



Source: Morgan Stanley Capital International, New York
Indexes are in U.S. dollar terms without dividends reinvested

Graphic by Holly Seguine

The South Africa Free Index



S&P 500 with replacements: Replaces a South Africa-related company with next largest company in the industry.
S&P 500 without Sullivan non-signatories: Excludes 6 companies, no replacements. **Total divestment:** Eliminates all companies with South African involvement, no replacements.

Source: Wilshire Associates, Santa Monica, Calif.

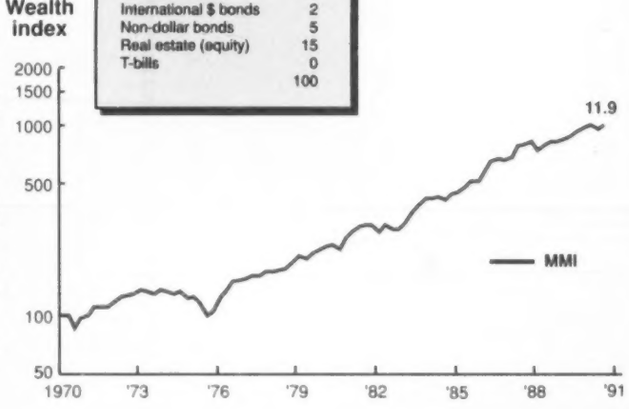
Graphic by Holly Seguine

Multiple Markets Index

The Multiple Markets Index is a benchmark for total portfolio returns. It is composed of eight asset classes used by retirement plan executives; it is calibrated to reflect the same degree of risk of the typical pension portfolio; it uses passive fixed policy weights; and it represents the individual asset classes by the broadest and most complete market return data available.

Weights	
Large-cap stocks	28%
Small-cap stocks	12
International stocks	15
Venture capital	5
Domestic bonds	18
International $ bonds	2
Non-dollar bonds	5
Real estate (equity)	15
T-bills	0
	100

Five-year annualized return	14.7%
One-year return	9.3%
Latest quarter	5.3%



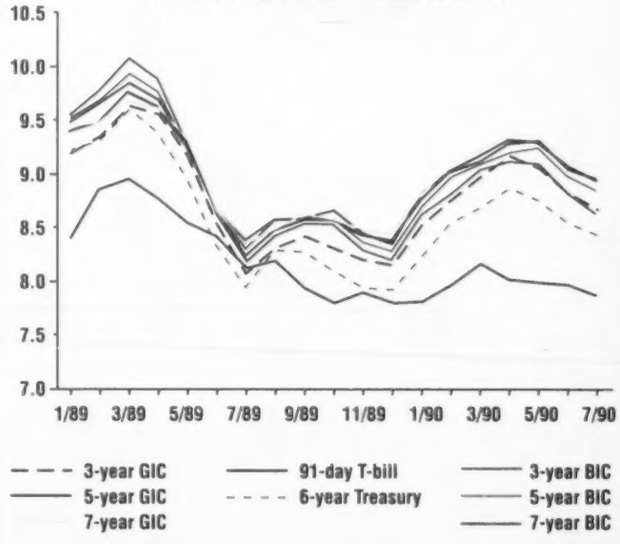
12/31/69 = 100
Data through 3/31/90

Source: Brinson Partners Inc., Chicago

Graphic by John Smither

Summary of average GIC & BIC data vs. market yields

(Bullet, compound $1 million contract)



Source: William M. Mercer Asset Planning Inc.

Graphic by Holly Seguine

Second quarter 1990 returns

	Russell 3000®	Russell 1000®	Russell 1000® by market capitalization				Russell 2000®
			Large	Medium/large	Medium	Medium/small	
Technology	8.20%	8.27%	8.78%	9.53%	3.53%	7.28%	7.39%
Health care	19.05	19.28	20.88	12.87	15.67	23.03	16.88
Consumer discretionary	8.65	9.24	15.91	6.65	9.72	5.58	3.67
Consumer staples	14.96	15.22	19.71	10.52	9.26	13.02	6.43
Integrated oils	1.43	1.40	2.33	-6.25	-0.71	-1.27	10.27
Other energy	0.03	0.29	0.00	-0.36	1.38	-1.15	-1.96
Materials and processing	0.68	0.85	-5.18	2.09	1.50	4.32	-0.58
Producer durables	7.60	7.92	22.19	4.21	-2.42	1.94	4.42
Auto and transportation	-0.10	-0.36	0.48	2.03	-4.15	-0.86	3.38
Financial services	3.33	3.69	8.64	5.2	3.16	-1.24	-1.87
Utilities	-0.79	-0.74	-0.96	-0.67	0.19	-1.75	-2.54
Total	5.80	5.94	8.78	4.74	3.65	2.81	3.86

Source: Frank Russell Co., Tacoma, Wash.

GIC rates gain little during quarter

By Fred Williams

Rates on medium-term guaranteed investment contracts trended upward for most of the second quarter, but turned down near the end to finish near where they began.

Peter Bowles, chief investment officer at Fiduciary Capital Management Inc., a Woodbury, Conn., GIC management firm, said only 10-year rates ended slightly higher for the quarter.

Spreads between the average three-year and 10-year rates began the quarter at 0.16% and finished at 0.29%, he said.

According to Mr. Bowles, quality spreads over comparable treasury instruments declined as interest rates increased and widened again in the second half of the quarter as rates softened.

"Quality spreads ranged from 0.77% to 1.09% at the end of the first quarter, declined to a range of 0.68% to 0.95% in the first week of May and then finished the quarter ranging from 0.75% to 1.14%," he said.

John Knight, president of Lamberson Knight GIC Inc., Short Hills, N.J., said capacity "is still not a problem" for insurance carriers and that GIC rates moved during the quarter in tandem with the fixed-income market.

The following insurance company rate quotations on representative five-year, single deposit, simple interest, $1 million GICs were provided by Lamberson Knight and GIC Inc., Beaverton, Ore.

- Allstate Life Insurance Cos., Northbrook, Ill.: June 29, 8.99%; March 30, 9.1%.
- Bankers Life Assurance Co., Des Moines, Iowa: 8.67%; no quote.
- Canada Life Assurance Co., Toronto: 8.91%; 9.12%.
- CNA Insurance Co., Chicago: June 12, 8.6%; 9.04%.
- Confederation Life Insurance Co., Atlanta: 9.16%; 9.35%.
- Connecticut Mutual Life Insurance Co., Hartford: June 12, 8.92%; 9%.
- Continental Assurance Co., Chicago: 8.89%; no quote.
- Crown Life Insurance Co., Toronto: 9.03%; 9.02%.
- Hartford Life Insurance Co., Hartford, Conn.: 8.95%; no quote.
- John Hancock Mutual Life Insurance Co., Boston: 8.87%; 9.04%.
- Life Insurance Co. of Georgia, Atlanta: June 12, 8.95%; 9.05%.
- Life Insurance Co. of Virginia, Richmond: 8.91%; 9.1%.
- Lincoln National Pension Insurance Co., Fort Wayne, Ind.: 8.92%; 9.26%.
- Massachusetts Mutual Life Insurance Co., Springfield: 8.82%; no quote.
- Mutual Life Insurance Co. of New York, New York: 9.02%; 9.08%.
- New England Mutual Life I surance Co., Boston: 8.64%; r quote.
- New York Life Insurance Co New York: 9%; 9.1%.
- Northwestern National Life I surance Co., Minneapolis: 8.94%; r quote.
- Ohio National Life Insuranc Co., Cincinnati: 9.1%; 9.33%.
- Pacific Mutual Life Insuranc Co., Newport Beach, Calif.: 8.26% no quote.
- SAFECO Corp., Seattle: Jun 12, 9.22%; 9.3%.

William M. Mercer Asset Plan ning Inc., Deerfield, Ill., survey insurance companies for rate quo tations and provided the follow ing summary of various bulle GICs for June 1990:

- Three-year, $1 million, com pound: high, 9.27%; low 8.17% average, 8.08%.
- Three-year, $1 million, sim ple: high, 9.27%; low, 8.18%; aver age, 8.78%.
- Five-year, $1 million, com pound: high, 9.49%; low, 8.37% average, 9.05%.
- Five-year, $1 million, simpl high, 9.49%; low, 8.35%; averag 9.02%.
- Seven-year, $1 million, com pound: high, 9.53%; low, 8.5% average, 9.14%.
- Seven-year, $1 million, sim ple: high, 9.41%; low, 8.49%; aver age, 9.11%.
- Three-year, $5 million, com pound: high, 9.32%; low, 8.5% average, 8.88%.
- Three-year, $5 million, sim ple: high, 9.32%; low, 8.34%; aver age, 8.84%.
- Five-year, $5 million, com pound: high, 9.59%; low, 8.66% average, 9.11%.
- Five-year, $5 million, simpl high, 9.59%; low, 8.63%; averag 9.07%.
- Seven-year, $5 million, com pound: high, 9.59%; low, 8.75% average, 9.2%.
- Seven-year, $5 million, sim ple: high, 9.59%; low, 8.75%; aver age, 9.16%.

Schmidt Management Co., GIC market research firm i Tulsa, Okla., has developed guaranteed product performanc measurement index. The Schmid GIC composite index approxi mates the return of a continuou equally weighted, investment i one- to 10-year original-maturit GICs. (The index shows return not rates.) Total returns for th quarter and 12 months ende June 30 were 2.32% and 9.8%, re spectively. In comparison, th Standard & Poor's 500 Stoc Index returned 6.14% and 16.29% the Merrill Lynch Government Corporate Bond Index returne 3.39% and 6.89%; and 91-Da Treasury bills, 1.93% and 7.96%.

Mercer also surveys banks fo rate quotations on their guaran teed instruments. Rate quotes fo one- and three-year bullet BIC for June were:

- One-year, $1 million, com pound: high, 8.85%; low, 8.1%; aver age, 8.3%.
- One-year, $1 million, simpl high, 8.85%; low, 8.13%; averag 8.36%.
- Three-year, $1 million, com pound: high, 9.37%; low, 8.57%; av erage, 8.81%.
- Three-year, $1 million, simpl high, 9.37%; low, 8.73%; averag 8.92%.
- One-year, $5 million, com pound: high, 8.95%; low, 8.15%; av erage, 8.35%.
- One-year, $5 million, simpl high, 8.95%; low, 8.23%; averag 8.41%.
- Three-year, $5 million, com pound: high, 9.4%; low, 8.6%; av erage, 8.85%.
- Three-year, $5 million, simpl high, 9.98%; low, 8.73%; averag 9%.

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